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TONGASS NATIONAL FOREST

HEARING

BEFORE THE

SUBCOMMITTEE ON
PUBLIC LANDS, NATIONAL PARKS AND FORESTS

OF THE

COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

S. 237

TO REFORM THE TONGASS TIMBER SUPPLY FUND

S. 346

TO AMEND THE ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT AND FOR OTHER PURPOSES

FEBRUARY 28, 1989

PART 1

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TONGASS NATIONAL FOREST

TUESDAY, FEBRUARY 28, 1989

U.S. SENATE,
SUBCOMMITTEE ON PUBLIC LANDS,
NATIONAL PARKS AND FORESTS,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:37 a.m., in room SD-366, Dirksen Senate Office Building, Hon. Dale Bumpers, presiding.

OPENING STATEMENT OF HON. DALE BUMPERS, U.S. SENATOR FROM ARKANSAS

Senator BUMPERS. The committee will come to order. By now, a long list of superlatives have been used to describe the Tongass National Forest. It has been called by every superlative in the dictionary. I had the opportunity to visit the Tongass not too long ago, and I too was impressed by its beauty and abundance.

Our Nation's largest national forest contains a diversity of natural resources found nowhere else in the country: centuries-old trees, lush ferns, spongy mosses, alpine meadows, thousands of lakes and one of the last remaining temperate rain forests in the world. The Tongass also boasts a wide variety of fish and wildlife species, including brown bears, deer, moose, wolves, seals, sea lions, ravens, and the world's largest concentration of bald eagles and grizzly bears. These resources deserve and need protection.

But the Tongass also supplies the timber to run two local pulp mills and a number of saw mills which in turn provide jobs and tax dollars to Southeast Alaska. In addition to timber-related employment, the forest provides jobs in the fishing and tourist industries. The economic well-being of Southeast Alaska is an important factor in the debate regarding the Tongass and should be included in any discussion of Tongass reform.

The purpose of the hearing today is to consider two measures currently pending before the subcommittee: S. 237, a bill to reform the Tongass Timber Supply Fund, introduced by Senators Murkowski and Stevens, and S. 346, the Tongass Timber Reform Act, introduced by Senator Wirth. Both seek to reform timber management practices on the Tongass, but they differ significantly in their approaches and the degree to which they would alter current Forest Service management of the forest.

I have not yet taken a position on either of these measures since I have not had the opportunity to thoughtfully consider the complexities of each, and I might digress by saying they are immensely complex.

As is so often the case with natural resource issues, we are charged with the very difficult task of ensuring that competing resource uses are balanced and that the legitimate concerns are dealt with fairly and responsibly.

I am looking forward to hearing from the witnesses today in hopes that these experts can help clarify the very complicated issues involved and assist us in making prudent decisions regarding the future management of the Tongass.

I have also made a personal commitment that the subcommittee will travel to Southeast Alaska to hear first-hand from the people most directly affected by these two measures.

I would ask that today's witnesses keep their testimony to approximately 5 minutes to give everybody a chance to testify and allow the opportunity for questions afterward. At this point I would like to place copies of both measures in the hearing record. The record will remain open for 2 weeks to receive additional testimony.

[The texts of S. 237 and S. 346 follow:]

II

101st CONGRESS
1st Session

S. 237

To reform the Tongass Timber Supply Fund.

IN THE SENATE OF THE UNITED STATES

January 25 (legislative day, January 3), 1989

Mr. Murkowski (for himself and Mr. Stevens) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

---

A BILL

To reform the Tongass Timber Supply Fund.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Alaska National Interest Lands Conservation Act (Public Law 96-487, as amended) is amended by striking section 705(a) and inserting in lieu thereof the following subsection:

"Sec. 705. (a) Subject to available appropriations, the Secretary of Agriculture is authorized and directed to carry out a program of intensive management of the commercial forest land of the Tongass National Forest in order to assure the availability of a sufficient supply of timber to achieve an allowable sale quantity of 4.5 billion board feet per decade. For each fiscal year the Secretary of Agriculture shall prepare and offer for sale or release timber volumes on the Tongass National Forest based upon his estimate of the annual demand of the dependent industry and the sustained yield capacity of the forest. The Secretary of Agriculture shall base his annual estimate upon projections of future timber demand.".

○

II

101st CONGRESS
1st Session

S. 346

To amend the Alaska National Interest Lands Conservation Act and for other purposes.

IN THE SENATE OF THE UNITED STATES

February 2 (legislative day, January 3), 1989

Mr. Wirth (for himself, Mr. Leahy, Mr. Roth, Mr. Moynihan, Mr. Harkin, Mr. Reid, Mr. Burdick, Mr. Lugar, Mr. Pell, Mr. Jeffords, Mr. Fowler, Mr. Lieberman, Mr. Kerry, Mr. Sanford, and Mr. Gore) introduced the following bill; which read twice and referred to the Committee on Energy and Natural Resources

---

A BILL

To amend the Alaska National Interest Lands Conservation Act and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Tongass Timber Reform Act".

SEC. 2. DEFINITIONS.

As used in this Act—

(a) The term "the Secretary" means the Secretary of Agriculture.

(b) Unless otherwise specified, any other term has the same meaning as used in the Alaska National Interest Lands Conservation Act as amended (Public Law 96–487), hereinafter referred to as ANILCA.

TITLE I—ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT AMENDMENTS

SEC. 101. ANNUAL APPROPRIATIONS FOR TIMBER MANAGEMENT AND RESOURCE CONSERVATION ON THE TONGASS NATIONAL FOREST.

Section 705(a) of ANILCA (16 U.S.C. 539d(a)) is hereby repealed effective September 30, 1989, and subsections (b) and (c) of section 705 are redesignated as subsections (a) and (b), respectively.

SEC. 102. IDENTIFICATION OF LANDS UNSUITABLE FOR TIMBER PRODUCTION.

Section 705(d) of ANILCA (16 U.S.C. 539d(d)) is hereby repealed.

SEC. 103. REPORTS ON THE TONGASS NATIONAL FOREST.

(a) MONITORING.—Section 706(a) of ANILCA (16 U.S.C. 539e(a)) is hereby repealed.

(b) STATUS.—Section 706(b) of ANILCA (16 U.S.C. 539e(b)) is amended as follows:

(1) Strike out "(b)" and insert in lieu thereof "(a)".

(2) Strike out "and (4)" and insert in lieu thereof "(4)".

(3) Strike out the period at the end of the section and insert in lieu thereof "; (5) the impact of timber harvest on subsistence resources, wildlife and fisheries resources, commercial fisheries, recreation resources and tourism; (6) effects of timber harvest on biological diversity and measures to conserve biological diversity; (7) effects of timber harvest on the old growth rain forest ecosystem, especially in areas of high volume, and measures to conserve the old growth ecosystem; (8) timber supply and demand in southeastern Alaska; and (9) costs and revenues of the timber sale program.".

(c) CONSULTATION.—Section 706(c) of ANILCA (16 U.S.C. 539e(c)) is amended as follows:

(1) Strike out "(c)" and insert in lieu thereof "(b)".

(2) Strike out "and the Alaska Land Use Council" and insert in lieu thereof "the southeast Alaska commercial fishing industry, and the Alaska Land Use Council".

SEC. 104. TERMINATION OF LONG-TERM TIMBER SALE CONTRACTS IN ALASKA.

Title V of ANILCA is amended by adding at the end thereof the following new section:

"SEC. 508. TERMINATION OF LONG-TERM TIMBER SALE CONTRACTS IN ALASKA.

"No later than 90 days after the date of enactment of this section, the Secretary shall terminate the long-term timber sale contracts numbered 12-11-010-1545 and A10fs-1042 between the United States and Alaska Pulp Corporation, and between the United States and Ketchikan Pulp Company, respectively.".

TITLE II—MANAGEMENT OF THE TONGASS NATIONAL FOREST

SEC. 201. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) natural resources of the Tongass National Forest possess outstanding natural characteristics of high value and benefit to the American people, and these resources are essential for subsistence activities and for the commercial fishing, recreation, and tourism industries which contribute significantly to the economy of southeast Alaska;

(2) the Tongass National Forest contains one of the last largely intact rain forests in the world's temperate latitudes, and must serve as an example of the

type of protection, preservation and management that will be required to stop the destruction of rain forest resources in other nations;

(3) current Forest Service management of the Tongass National Forest, in particular the amount of high volume of old growth timber offered for sale and harvested, gives priority to timber harvest over other uses of the forest and thus is not consistent with the principle of multiple use or with requirements of the Forest and Rangeland Renewable Resources Planning Act of 1974 and the National Forest Management Act of 1976, and cannot be sustained without jeopardizing natural resources that are of national significance and upon which the commercial fishing, recreation, and tourism industries and subsistence users of southeast Alaska depend; and

(4) the Tongass National Forest Land Management Plan of 1979, as amended, which guides current Forest Service management practices, is predicated on sections of ANILCA that are repealed or amended by this Act and therefore should be revised consistent with the provisions of this Act and with other laws applicable to the National Forest System, to significantly increase protection and enhancement of fish, wildlife, watershed, recreation, cultural, biological diversity, and

old growth forest ecosystem resources, and to support the long-term best interest of all natural resource dependent industries and subsistence communities in southeast Alaska.

(b) PURPOSE.—The purpose of this title is to require revision of the Tongass National Forest Land Management Plan of 1979, as amended, in conformance with this Act and other laws applicable to the National Forest System, to significantly increase protection of resources that are critical to the long-term best interests of the commercial fishing, recreation, and tourism industries, and the subsistence users in southeast Alaska, and which are of high value and benefit to the people of the United States. These include the fish, wildlife, watershed, recreation, cultural, biological diversity, and old growth ecosystem resources and subsistence values of the Tongass National Forest.

SEC. 202. DIRECTIVE AND REPORTS.

(a) In furtherance of the purpose of this title, the Secretary is hereby authorized and directed to fully revise the Tongass National Forest Land Management Plan of 1979, as amended, to conform with provisions of this Act and other laws applicable to the National Forest System. This revision shall supersede the Forest Plan revision currently underway.

(b) In revising the Forest Plan, the Secretary shall significantly increase the protection of fish, wildlife, watershed, recreation, cultural, biological diversity, and old growth ecosystem resources and subsistence values of the Tongass National Forest. Planning and management of old growth resources shall give specific attention to areas of high volume old growth timber (30,000 board feet per acre or greater) and shall consider both individual species of plants and animals and the old growth ecosystem as a whole.

(c) In revising the Forest Plan, the Secretary shall ensure that priority is given to the protection of fish, wildlife, watershed, recreation, cultural, biological diversity, and old growth ecosystem resources and subsistence values of the areas listed in section 302(b) of this Act.

(d) Within 30 days after this Act takes effect, the Secretary shall provide the Committee on Energy and Natural Resources of the Senate and the Committee on Interior and Insular Affairs of the House of Representatives with a report on the schedule for revision of the Tongass Land Management Plan, including the expected dates of publication of the draft and final plans.

(e) Within one year after this Act takes effect, and each year thereafter until the revised Tongass National Forest Land Management Plan is complete and ready for implementation, the Secretary shall provide the Committee on Energy and Natural Resources of the Senate and the Committee on Interior and Insular Affairs of the House of Representatives with a report describing the steps taken in furtherance of section 201(b) of this Act.

TITLE III—MORATORIUM ON TIMBER SALES AND HARVEST

SEC. 301. PURPOSE.

The purpose of this title is to impose a moratorium on the sale or commercial harvest of timber in certain areas having special values for fish and wildlife, subsistence, recreation, old growth, and other resources, pending revision of the Tongass National Forest Land Management Plan to conform with the new management directives provided in this Act.

SEC. 302. MORATORIUM.

(a) MORATORIUM.—During the revision of the Tongass National Forest Land Management Plan there shall be no sale or harvest of timber, nor any associated development (including timber sale preparation or road construction), within any area specified in subsection (b) of this section. This moratorium shall remain in effect until 90 days after publication of the Record of Decision for the Forest Plan.

(b) AREAS AFFECTED.—The moratorium shall apply to lands administered by the Forest Service, as generally depicted on appropriately referenced maps, as follows:

Area	Approximate Acreage
Anan Creek	37,331
Berners Bay	35,379
Calder-Holbrook	62,335
Chichagof	353,540

Chuck River	125,574
Kadashan	33,641
Karta River	38,671
Kegan Lake	23,858
Naha River	31,926
Nutkwa	53,635
Outside Islands	95,524
Pleasant Island-Lemesurier Islands	15,527
Port Adolphus-Mud Bay	72,091
Port Houghton-Sanborn Canal	59,712
Rockey Pass	74,423
Sarkar Lakes	23,500
South Etolin Island	81,939
South Kuiu	190,301
Sullivan Island	3,985
Trap Bay	6,446
West Duncan Canal	118,812
Yakutat Forelands	232,962
Young Lake	18,173

Copies of maps depicting these areas shall be on file and available for public inspection in the offices of the Chief of the Forest Service in Washington, District of Columbia, and the Regional Forester in Juneau, Alaska.

○

Senator BUMPERS. Senator McClure, do you have an opening statement?

STATEMENT OF HON. JAMES A. McCLURE, U.S. SENATOR FROM IDAHO

Senator McCLURE. I will be very brief, Mr. Chairman.

I was a member of this committee during consideration of the Alaska National Interest Lands Conservation Act in the late 1970s. The Tongass timber controversy is certainly not a new issue to me.

We are now being asked to reconsider a bipartisan compromise which eliminated one of the last remaining obstacles to the passage of the Alaska Lands Bill. The compromise was a balance between the needs of the Tongass timber industry and the demands of the environmental organizations for wilderness designations.

After lengthy debate and negotiation by all concerned parties, Congress through ANILCA not only sought but in fact designated over 5 million acres of the Tongass as wilderness. In exchange, Section 705A of ANILCA was created to provide the timber industry with a viable market, guaranteeing that 4.5 billion board feet of timber would be made available to dependent industry every 10 years.

Additionally, the Tongass Timber Supply Fund was established to assure availability of economically viable timber. Only 10 percent of the Tongass National Forest is scheduled to be logged over the next 100 years. That works out to about one tenth of 1 percent of the Tongass per year.

Far from destroying the Tongass National Forest, I believe a case can be made that the Forest Service has been improving the timber, fish, wildlife and community stability of Southeast Alaska. There may be a need to fine-tune the management process to ensure federal funding is not being wasted, but revisiting provisions of ANILCA is not necessarily the best way to proceed.

I strongly support the maintenance of future opportunities to explore and develop Alaska's vast natural resources. This is especially true with regard to a situation like Tongass, where specific compromise legislation was adopted as a pledge to the people of Southeast Alaska.

I truly appreciate the efforts of both Senator Murkowski and Senator Stevens toward resolution of this controversial issue. Adoption of their bill would place us in a better position to exercise proper oversight functions on the Tongass.

Use of the Tongass National Forest resources is recognized in government contract law: the Alaska National Interest Lands Conservation Act and the National Forest Management Act. Each of these provides the ways and means to appropriately identify the necessary changes required by Tongass management.

Finally, Mr. Chairman, although I know there have been several—perhaps dozens—of articles written. In my judgment, many of these contain errors of fact, and perhaps this one does too, but I want to call the attention of the committee and others to a very new publication, called "Our Land."

It is the opening publication of a new organization that features, among other articles, one called "Myths of the Tongass", and after having read that article I can commend it for at least a different view of the background of the Tongass issue.

Thank you, Mr. Chairman.

Senator **Bumpers**. Thank you. Senator Murkowski?

Senator **Murkowski**. Thank you, Mr. Chairman. I am going to defer to Senator Stevens, who has a conflict, and I would like to proceed with my opening statement after Senator Stevens.

Senator **Bumpers**. Without objection, we will proceed in that order. We are honored to have the senior Senator from Alaska this morning to be our lead-off witness. Welcome to the committee, and please proceed.

STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

Senator **Stevens**. Thank you very much, Mr. Chairman, Senator McClure and Senator Murkowski. I sit on this side of the witness table in this room and many memories come back from the days that I spent on this committee. Some of them are very fond memories, others not so fond.

I remember so well the days that Senator McClure described—10 years ago now, Mr. Chairman—that we started work once again on the Alaska Lands Bill after it had been stopped in literally the last minute of the preceding Congress in 1978.

It will do no good, really, to hash over all of the old arguments that came up at that time. But gentlemen, I think that the real problem that I have with the whole series of issues we face now is that none of us are clairvoyant, and none of us can see ahead into the future, particularly into the economic future.

At the time we agreed to the Alaska lands provision which affected the Tongass, it was a very reluctant agreement. As a matter of fact, I would point out to you gentlemen that each member of the Alaska delegation at that time voted against the Alaska Lands Act, primarily because of the Tongass provisions. They were a compromise that were offered to us in order to break the logjam to try and get this bill completed.

Congress does not recall now, but we had obtained statehood in 1959. We had gone through a series of land freezes that prevented us from selecting our statehood lands. We had passed the Alaska Native Land Claims Act, and we found that even the lands that were intended to be conveyed to the Alaska natives were held up by a serious controversy. This was over the designation of federal lands that should be set aside and not be available for either the state or the natives to select under either the Statehood Act or the Land Claims Act.

When we came down to the final analysis, it was my judgment that we had no alternative but to proceed with that bill, notwithstanding the fact that the provisions that concerned the Tongass were unacceptable to a majority of Alaskans at the time.

Now we find ourselves in the strange position of defending that compromise, and those who offered the compromise are trying to convince the Congress that somehow or other it was our idea, and I have seen stories that indicate it was my idea.

The guarantees that are contained in the 1980 act were guarantees that came forward, developed over a period of time; Senators, some now deceased and many gone, worked long hours trying to find a reasonable compromise. We accepted the effort and wanted to get this behind us. Unless we found a way to lift the land freezes our, state had little chance to really develop in terms of the capacity of the natives to develop their lands or the state to be able to utilize its land.

Gentlemen, I have joined with Senator Murkowski in his bill and I commend it to you. I want to thank you very much for your commitment to go to Alaska to hold hearings. There are great differences of opinion now, but the overwhelming population of Southeast Alaska and of the whole state is still, in my judgment, of the opinion that a compromise was made and sufficient time in a period of economic balance, has not transpired in order for us to judge whether or not that compromise should now be changed in any way.

I am hopeful that the committee will look at Southeast Alaska from the same perspective that we do. It is an area, after all, the size of West Virginia. It is an area that currently faces harvest, as Senator McClure said, of about one tenth of 1 percent of that area per year over a period of 100 years, when the cycle will be completed.

We believe very sincerely that the timber industry should have a role in the balanced economy of Southeast Alaska. It is an industry which is a natural one for the area. This great forest was set aside to assure a continued production of timber, and yet now it appears there is a move to prevent the production of timber.

I think the greatest threat that exists against the Tongass today is the threat coming from those people who say there should be no harvesting at all. To me, that would be a miscarriage of justice.

I would like to wage the committee to go see the other great forest in Alaska. We have another great forest that was set aside in Alaska, and if you go into the interior of Alaska you will still find, the greatest stands of hard wood in the United States.

We ought not to be deprived of a timber industry at a time when the demands for timber are rising, not only in the United States but throughout the world; when the technology is such that we are now assured that we can harvest timber and improve not only the forest but the quality of the air and the quality of life for the wildlife and the fisheries. Through today's technology, we can meet the conflicting interest that has resulted in the conflicts brought to your committee table now.

Mr Chairman, I believe very sincerely that there is one argument that I keep hearing that has to be visited briefly. I keep hearing the comment that the federal government does not make a profit off harvesting timber in the Tongass. I would challenge you to look at the statutes that concern the management of federal timber to find the word "profit'.

None of these forests were set aside to make a profit, but were set aside in the days of Gifford Pinchot and others to assure protection of the area then the country would always have a continued supply of timber from an area that would be a yardstick to measure against the activities of those people who are harvesting timber on private lands and nonfederal lands.

I believe, in the first six years of this cycle since this law passed in 1980, those years were the worst economically that we have seen in the Tongass. On the basis of the worst years, to judge the compromise that we so reluctantly entered into is a fallacy, and what is more, is unreasonable. We must have a period of time for this arrangement to mature, to determine in good times and bad what is the proper relationship between the timber industry, the recreation industry, fish and wildlife, the fishing industry—all of the related economic activities and non-economic activities in Southeast Alaska.

Gentlemen, I would urge you to allow me to put the full statement I have in the record. I could filibuster on this for a long time.

Senator BUMPERS. It will be admitted.

[The prepared statement of Senator Stevens follows:]

Senator Ted Stevens
Committee on Energy and Natural Resources
February 28, 1989

Mr. Stevens. Mr. Chairman, Alaska's Tongass National Forest has drawn quite a bit of attention during the last few years. The issues, however, are hardly different from those we considered ten years ago when I sat on this Committee. Underlying every discussion of the Tongass during the last three years has been the unstated objective of those who want to revisit and revise the divisions made in 1980 between wilderness and working forest.

As a nation, we have accepted the need to balance the competing uses of our public lands. Some is preserved, as a few of our colleagues like to say, for future generations to make decisions on. Some is managed to favor certain values, such as wildlife habitat. And finally, some is available for development and use of its resources, both renewable and non-renewable, in ways which protect the rights of other users as well. For many areas of the country -- and I put Alaska in this category -- it has been extraordinarily hard to strike this balance.

The reasons are simple, and I do not need to review them for the members of this Committee. The point is that Congress made the hard decisions on public lands in Alaska in 1980. In the Tongass, Congress created 5.4 million acres of wilderness, and put approximately one third of the commercial forest land off limits to harvest. Now, an effort is being made to reach back and re-draw the lines in the Tongass.

There are real issues of timber management in the Tongass. I have joined with Senator Murkowski in an effort to correct problems which have surfaced, and will discuss them shortly. But those should not be used as a cloak for efforts to shut down the timber industry, or to increase wilderness designations in the Tongass.

The timber industry is a critical part of Southeast Alaska's economy. During 1988, it provided more that 10,000 direct and indirect jobs. It provides year round employment in a region otherwise dependent on seasonal industries. It is one of three roughly equal sectors, along with tourism and fishing. Southeast Alaska has the most diversified economy in our State, and as a result today it is probably the healthiest part of my state.

Much of Alaska has suffered through an economic slump since the bottom dropped out of the oil market. However, Southeast Alaska has done fairly well through this period. One reason is that, since 1986, the timber industry has been making steady gains since historic low markets in the early 1980s. A threat to the timber industry is a threat to the stability of this region of my state.

And yet there is a threat to timber harvesting in the Tongass. The charge has been made that the Forest Service is losing money selling timber from the Tongass. I have always wondered if those who level this charge have thought out the policy they seem to espouse.

If the purpose was simply to make a profit for the federal government, then we could do so. Alaska Native corporations have sold their timber -- as round logs -- at a profit. The Forest Service informs me that if they had been selling timber for export as unprocessed logs they could have made money in even the leanest years in the Tongass.

But our objective is not just to make a profit -- it is to have a domestic wood products industry and so to create jobs. If we are to have one, we must maintain a reliable supply of timber to the mills. Otherwise, no businessman in his right mind will invest in this industry.

We could require the Forest Service to "make a profit" on all of its timber sales. This would mean timber prices could not be lowered, even if market prices for wood products dropped. Our timber industry, which could not sell products at higher than market price, would shut down.

Once shut down, Alaska's timber industry would have little chance of beginning again. We can not put our workers on a shelf, to be taken out again when markets improve.

Or we could allow round logs to be exported from Forest Service lands. In so doing we would export American jobs. That is simply not a viable option.

As in other resource industries, the timber industry runs in cycles. We have just come out of the worst down market period Alaska's timber industry has ever known. But the markets have come back, employment has come back, and the return to the federal government has increased.

The most recent Forest Service accounting figures show that during 1988, they received almost $11 million in timber sale receipts and assets [roads], with operating expenses of $12.6 million. These figures show the revenue from the timber program better than a simple tallying of annual appropriations and cash receipts, and were prepared under a reporting system developed by the Forest Service and GAO.

Because of the intensive management program set up in 1980, it is simply wrong to expect revenue from the Tongass to offset outlays. In order to maximize wilderness withdrawals from the Tongass while maintaining an adequate timber base, Congress forced the timber industry to rely upon marginal stands for a significant portion of future timber supply.

Intensive management is required in order for harvesting from marginal timber stands and areas which are difficult or costly to reach to be economically viable. Intensive management -- not necessary but for the wilderness withdrawals made in the Alaska Lands Act -- has increased the cost of the Tongass timber program since 1981.

The chorus of attacks on timber management in the Tongass have focused on cash flow -- how much the Forest

Service spends, and how much it takes in. These are arguments based on a brief period of bad markets, which ignore the history of the Tongass timber program. Worst of all, they are misleading, using rhetoric in place of seriou analysis.

Even the slightest effort penetrates past the simple tallying of balances to the underlying decisions which produced these results. There is a kernel of truth to the complaints which have been made. But the solution is not to rail against the cost of the Tongass timber program or to challenge its viability

For several years following the precipitous drop in timber demand in 1981 and 1982, timber continued to be prepared on the Tongass as if demand had remained strong. As a result, money was spent before it was necessary to meet demand. At the same time, the timber which did sell received minimum bids because of poor demand for wood products. Both factors combined to cause a significant gap between expenditures and receipts.

The failure to respond to changes in the timber market was the source of essentially all of the complaints about the timber program. Fortunately, it is fairly easy to correct this problem. That is what Senator Murkowski has done with his bill, which I cosponsored -- a bill which is before this Committee.

The remaining objections to timber harvesting in the Tongass focus on conflicts between users of the forest. A new process designed to resolve those conflicts in Alaska is underway. We certainly can not resolve them by closing even more of the forest to multiple use.

In summary, Mr. Chairman, it is possible to improve the timber program in the Tongass, but improvement techniques will not require wholesale changes in existing law. No case has been made for closing more of the forest to timber harvesting. No case has been made for canceling the contracts under which Southeast Alaska's two pulp mills operate.

Those would be desperate steps, and would send a shockwave through the economy of a vital area of Alaska -- shocks which would put hundreds, if not thousands, of people out of work.

Senator STEVENS. My problem is that the whole time I have been here now—20 years—I have not seen Congress renege on a commitment that was made to a state. This is a commitment that was made to Alaska on the basis of evidence that the representatives of that state contested and to which they objected.

I would hope the Senate is prepared—not only this committee, but other members of the Senate to come to Southeast Alaska. We have a few other issues I would like to have you look at and visit in Alaska this year also, Mr. Chairman. As long as you are coming up you probably could go to see the Arctic National Wildlife Refuge, for instance.

Senator BUMPERS. I am like Richard Nixon about the Arctic Wildlife Refuge. When they asked Richard Nixon why he did not go to church he said, I have done that; and that is the way I feel about the Arctic National Wildlife Refuge: I have done that.

Senator STEVENS. Well, every time I do it it is a different experience.

Senator BUMPERS. I'm saying that, I do not mean to be flip. It is obviously a magnificent area.

Senator STEVENS. You will be the leaders of this issue and probably the four of you here will be the actual leaders of this issue as it comes to the floor, and I look forward to working with you.

I want to invite you, if you have not taken the time, to go back and read the testimony that was given before this committee in 1979 and 1980. Read the positions that were taken before this committee at the time. We had to find a way out of the conflict that existed, and I think that you will see that it is being portrayed here in a way that is very difficult now to understand.

Above all, gentlemen, I urge you to adopt the attitude that unless there is an absolute case made that the compromise is contrary to the National interest, that this compromise that was entered into in the way of a commitment to my state, not be broken by legislation that Senator Murkowski and Don Young and I oppose.

Thank you very much.

Senator BUMPERS. Senator Stevens, I do not see Congressman Young in the audience. Is he here?

Senator MURKOWSKI. He will be here.

Senator BUMPERS. Let me ask you this question. I do not want to prolong this. We have a whole host of witnesses and I am going to have to leave and ask Senator Wirth to chair at some point this morning. Let me just ask the question, and by asking the question make a couple of prefacing remarks.

The biggest case I ever tried before I got into politics, back when I was a trial lawyer, was a case involving a contract that was terminated at the convenience of the government. As you know, virtually every contract the Pentagon puts out has copious provisions in there dealing with terminating the contract at the convenience of the government with certain provisions to protect the other party. The only difference here, of course, is you have a legislative contract.

There was a legislative contract, and I do not mind telling you that is the thing that is most troublesome about this whole thing, is that we contracted. I had a tough time voting for the 1986 tax bill, because we had told the developers in this country you can have it all, and in 1986 we did not allow them, those limited partnerships, to play themselves out.

We said, they are coming to an end right now, and while I generally supported most of the provisions of that I thought it was terrible the way we just cut them off right in midair, after in 1981 saying, it is a freebie for everybody, and they took us at our word, and now we have a similar situation here.

I am going down to Brazil the latter part of next month, as Senator Wirth and others have gone before me, to look at the tropical rain forest. But certainly, I not only want to see it and enlighten myself on the area that is called the lungs of the planet, but I also want to try to help figure out some way to convince the Brazilians—they were pretty rude to Senator Wirth.

They said, this is fine for you, you have already cut all your timber. You have already done all the things that we are just now beginning to do to try to develop our country and provide a better quality of life for our people. Now you are coming down here telling us not to cut our rain forest.

I think they are clearing around 15, 20 million acres a year of the rain forest, and if the greenhouse effect is true—and I happen to believe that it is, and I think it is dangerous to assume otherwise—then we have to do something, and one of the things we have to do is to convince the Brazilians that the international community is going to compensate them for not cutting the rain forest.

Now, this is not totally sequential, but how do you counter the argument that we are paying around $30,000 a year per job in Southeast Alaska, when you just take the amount of money the federal government is putting in there divided by numbers of jobs. How do you answer that argument?

I recognize that some of the money we put up there goes for habitat preservation, recreation facilities and so on, but the bulk of it, by far and away the bulk of it, goes for timber harvesting. How do you answer that charge, senator?

Senator **Stevens**. Senator, I think that is a very good question, and as I pointed out in my statement, in 1988 according to the best accounting that we can find from the Forest Service figures, the Forest Service received almost $11 million in timber sales and assets, and had operating expenses of about $12.6 million. Those operating expenses include all of the things that you parenthetically referred to: timber management, recreation, fish and wildlife improvement.

If we were to pull out just those portions of the costs that were associated with the production of timber and balance those against the receipts, the federal government is getting a good return.

The difficulty is that people do not look at that. They look at the people who are cruising timber and making environmental plans and looking at the fish and wildlife problems—and I support all those activities, I want to hasten to add—but they say we should receive enough money from the sale of timber to pay for all of the activities in the Tongass.

Let me just digress slightly in commenting on your situation in Brazil. I am a co-sponsor with Senator Wirth of the bill that wants to study, bring about a real study of this overall warming trend, and I share your feelings. Until it can be shown that it is not true I think we have to proceed on the assumption that it is true, and I am prepared to do everything I can to assist anyone that wants to get us the databank so that we can determine for the future whether it is true that there is a warming trend. It would be hard to prove to some of our people around Fairbanks at 82 below this year, but I still think that it is probably true.

Having said that, let me hasten to tell you that we are doing reforestation in Alaska, not deforestation. We cut no timber for the purpose of creating municipalities or industrial parks, or any kind of residential areas.

For every tree that is cut in Alaska there comes up about 40 trees in the first year, and by the end of the cycle when it gets to the point where it would be ready to cut there will be one left, but in that whole growth period, all of those smaller trees contribute to the lungs of the world. They do not prove to be a negative aspect in terms of the ozone or the clean air problem of the world.

What we have had a difficult time convincing people of is that we have a model forest. I challenge you to find another forest in the world that takes care of conflicting interests as well as this one does, and limits the developers to the very small area that is used in this forest.

I happened to be around at the time that former Governor Frank Heinzelman, who was the territorial governor at the time, worked with President Eisenhower to request the Japanese to come to Alaska to make investments in our state for the purpose of developing the facilities that would provide them with the timber they needed in the period of their reconstruction.

They had a vast demand for timber products, and this was an area that was close to them, and we entered into long-term contracts, 50 year contracts at the time, to encourage them to make this investment and to proceed to utilize a portion of this timber. We did that because we did not want them taking the timber out of our country without a value-added concept.

Now some people say, why do we have these contracts? I come back to your original comment about your experience. I too have had a lot of trial experience, and I find it very difficult to understand how a group that is primarily dominated by lawyers would suggest cancelling a contract that was made with private industry, not only with the sanction of the federal government, at the invitation of the United States Government, a contract between two private parties, which was co-signed by the federal government to make the commitment of the availability of the resource that brought about the investment in the two mills in Southeast Alaska.

On your trip you will visit those two mills, but Mr. Chairman, the difficulty I have with this is isolating my own experience from these issues. We cannot, in my judgment, countenance the Congress cancelling or reneging on this commitment until someone can show to me that that commitment is now contrary to the best interest of the United States. At that time, I will support you in modifying the commitment.

But I do not think, on the basis of the evidence we have had in the past 10 years—it is not quite 10 years now, it is really 8 years total—we can reach a judgment that the foresight of people like Senator Jackson and Senator Bible on this side, and others on the other side, who agreed that this was the best that they could do at the time and told me that. On that basis, although my colleague had stopped the bill the year before, it was my task as a member of this committee to make the judgment under our practice in Alaska, and I said no, we are going to let it go. We are going to see this bill through and make it work.

Now, the people who brought about the basic compromise want to renege. I tell you, it goes beyond the concept of canceling a contract. This was a commitment to a whole people of a state that resolved the worst issue—Mr. Chairman, we had been 7 years in this committee.

Every year, for seven years, we faced this issue, and every year the Alaskan senators found a way to stop it until we got to 1980. At that time, I said, we have come a long trail. We have got to resolve this, and we have got to accept this even though we are going to vote against it and we did that. Now, perhaps we would have been better off.

I remind you that if we had stopped that bill that year, the control of the Senate changed in 1981. We could have easily written a very different bill in 1981. Many of my friends wanted me to go back and do just that, and I refused to do that at the time when the control of the Senate changed, and I hope that you gentlemen will allow the continuum to continue until we have the proof as to whether or not this is in the best interest of the country.

Senator **Bumpers**. I withdraw my question. Senator McClure, do you have any questions?

Senator **McClure**. Obviously, Senator Stevens will have a great deal of opportunity to talk to you and your colleague as we proceed in the legislative trail with respect to this legislation, and I will not burden the record this morning with all the conversations we will have.

Yet I do not want to subject either you or myself, or this committee, to the idea that somehow we are conducting business out of the public view. There has to be at least enough of it expressed here in the public forum so the public will understand what the issues are, as you and I have discussed and will discuss.

Senator Bumpers touched something that is very troublesome to me. That is, whether or not the federal government is ever a reliable partner in any agreement. We are going through a period of time now when we are looking at the clean-up of various nuclear weapons facilities, and one of the greatest problems we have in that issue is getting people to trust the government.

I know Senator Wirth's state and my state both have weapons facilities, and that is one of the very great problems we have, is getting anybody to trust the commitments that the government is making, and we must have a government that you can trust, in my judgment.

Senator Bumpers mentioned the difficulty we have of changing something after it is done, and I am very much concerned about the fact that none of these commitments made in these areas are worth the paper they are written on.

I do not expect that senators who were not a member of this committee at the time we did this legislation will feel as personally committed as some of us who were members of this committee or this Senate at the time these arrangements were made, but you have made reference, senator, to two different kinds of agreements.

One is the agreement that was made in legislation that was a compromise forged that people in Alaska relied upon, and I think had a right to rely upon, in terms of the resource allocations of which ANILCA was the result. The other is the commitments made in 50-year contracts to provide the base for an investment made by private parties in reliance upon what government would do.

I am extremely concerned on both ends of that. If government cannot be viewed as a reliable contracting partner, how in the world can we conduct business? I am struck by the fact that having sat through much of that period of time to which you refer, knowing what went into the compromise and the balances, that people who seek to reform the agreement now are simply moving the boundaries in one direction, if you will, on an agreement.

There was a balance, as I recall. It was a very hard and tough fight, and the Tongass was one of the last things resolved in that entire matter, as I recall. Is that not correct?

Senator STEVENS. It was the last one, yes, and involved not just the Tongass but also the issue of the Courts Hill, but the overall Tongass area was the last in the compromise that led to the passage——

Senator McCLURE. If you look at the map of Alaska, of course, the Tongass area is very large, but compared to the rest of Alaska it is a smaller portion. We had a lot of different discussions about all the rest of the area of Alaska and the resources that are contained within it, and how they should be resolved. Tongass was last not because it was least but because, perhaps, it was toughest.

I cannot help remembering not just the contracts that were made but the lives that will be affected. How many jobs are there in Southeast Alaska, total?

Senator STEVENS. There are around 10,000 jobs that are directly or indirectly related to this activity. I do not have that figure for the total industrial base down there available. Do you have it, Frank?

Senator MURKOWSKI. There are currently about 3,400 jobs directly associated with the logging industry and the pulp mills in Southeastern Alaska.

Senator McCLURE. Out of the total employment in Southeast Alaska. Double that?

Senator MURKOWSKI. One third of the total.

Senator McCLURE. What you have in Southeast Alaska is totally natural resource-based, is it not? Fisheries, tourism, recreation, timber, mining?

Senator STEVENS. Yes, that is correct.

Senator McCLURE. There would not be a handful of jobs outside of that, not even government jobs, if it were not for those resources. So you are talking about people. You are talking about communities. You are talking about people who made their own plans, built their own lives, built their own communities, made their own investments, based upon a secure arrangement in 50-

year contracts and in a legislative base that the Congress of the United States and the President of the United States approved.

Senator BUMPERS. Senator McClure, just to make sure the record is accurate on this, the document put out by the Department of Agriculture called "Timber Supply and Demand" says there are 1,987 direct jobs in logging, 467 direct jobs in saw mills and 880 in pulp mills, for a total of 3,334. That is in 1988.

Senator STEVENS. That is probably true, but then you have to add to that people who build the roads.

Senator BUMPERS. They also list 2,350 jobs in indirect and induced employment, whatever the hell that means.

Senator STEVENS. And beyond that is the communication and transportation infrastructure. We put it up to 10,000. I think I can show you that is about the level.

That is about two thirds, that Southeastern area, that is equivalent to two-thirds of New England. It is roughly one-twentieth of the State of Alaska. It has in it a population base of about one person for every two square miles. It is very sparsely populated.

It is an area that still has a great deal of open space, and the people that live there are really proud of that. Again, I challenge you to find another forest that has 110-year cutting cycle, and that shows the impact of the people in the area in terms of the planning for this forest. It is not rapidly cut.

Senator MCCLURE. I do not know if I stated—I meant to state if I did not—that one of those resources, a very important one, is the fisheries resource, and I certainly was not thinking of it because I think it is almost co-equal. Both recreation and commercial fisheries are an important economic base for that area.

I take this time, Mr. Chairman, only because I think it is very, very important that as we get, at the outset of this hearing, a little bit of the background that went into the very tough compromise that was forged, the legislative solution that was approved—and again without burdening it—the commitment that was made to the people of Alaska. I do not mean that just collectively, I mean that individually.

I have been there, I have talked to some of the people. I know that there is a conflict at times between the uses, even as Alaskans look at it. There is not total unanimity among Alaskans as to what ought to happen.

But these are American citizens, they are human beings as well, and they are entitled to our consideration. I do not think we should in that process overlook the impact that these decisions have upon the native peoples in the area. Although they have their own land selections and their own land base in part, these lands also affect the quality and the kind and character of their life. I think we need to be very careful of that as we deliberate.

Thank you, Mr. Chairman.

Senator BUMPERS. Thank you, Senator Stevens. Did you have a conflict with this? Were you trying to get off some place? I would love to discharge you right now.

Senator STEVENS. I would be happy to leave.

Senator BUMPERS. I do not want to cut anybody off.

Senator STEVENS. I do not want to deny my good friend from Colorado to ask me questions if he had any.

Senator **Bumpers**. This has been good background information. We do have a lot of witnesses to hear from this morning.

Senator **Stevens**. I thank you very much.

Senator **Murkowski**. Mr. Chairman, since there was an issue relative to employment, I think it would be appropriate to add to the record the Department of Labor, 1988 Jobs, Export and Production. In 1988, Mr. Chairman, logging was 2,064, saw mills were 501, pulp mills were 882 for a total Department of Labor figure of 3,447.

That is a 17 percent increase over 1987. Additional direct jobs not included in that total include 296 for longshoring, 95 for towing, 150 for road construction and 435 for Forest Service, which totals 976. The grand total of direct jobs are 4,423, 1,000 of which are from native timber operations. I would ask, Mr. Chairman, that this be entered into the record at this time.

[The information referred to follows:]

Alaska Loggers Association, Inc.

111 STEDMAN, SUITE 200
KETCHIKAN, ALASKA 99901
Phone 907 225 6114

SOUTHEAST ALASKA TIMBER INDUSTRY

1988 Jobs, Exports & Production

Following are the recently updated DOL employment numbers for 1987 and 1988:

1987

Logging	1668
Sawmills	398
Pulp	876
DOL Total	2942

1988

Logging	2064
Sawmills	501
Pulp	882
DOL Total	3447 (17% increase over 1987)

To the DOL 1988 should be added the following direct jobs not included in their total:

Longshore	296
Towing	95
Road Construction	150
Forest Service	435
	976

This will produce a grand total of 4423 direct jobs, 1000 of which are from Native timber operations.

The DOL develops their yearly averages by adding the 12 individual months reported and dividing by 12 to get the year around job equivalent. We are using $35,000 per year as the average applicable wage.

Using the Sitka mill economic study by The McDowell Group of 1.4 indirect and induced jobs for each direct job, indicates a 1988 total of 10,615 jobs.

We have obtained the 1987 and 1988 FY timber products exports from Alaska from Les Miller who is a Forest Service economist.

For 1988 FY:

Product	MMBF	$Million
Softwood Logs	482.2	261.1
Lumber/Cants	153.4	52.1
Chips	11.5 S.T.	.6
Pulp	287.1 S.T.	160.4
Total		474.2

For 1987 FY the total dollar value was $327.0 million. This represents a 45% increase in 1988 over 1987.

The USFS represents the timber harvest and imports for Southeast Alaska for fiscal year 1987 and 1988 (ending September 30) as follows:

(In million board feet, log scale)

*Tongass National Forest	1987		1988	
Allowable Sale Quantity	282		331	
Utility	54		65	
Sub total		336		396
State of Alaska	2		9	
Native Corp.	335		385	
Total Harvest	673		790	
Imports (chips)	32		6	

*It must be noted that the Forest Service is on a fiscal year basis that ends September 30 and their volumes for the National Forest are based on scaled volumes. Because of the lag in actual harvest to scaled volumes, the harvest would hardly represent any production after mid-year 1988. In a constantly increasing market as we saw in 1988, the Forest Service method does not fairly represent the trend set during the 1988 calendar year. For this reason, the Alaska Loggers Association has polled its members who use National Forest timber to obtain their 1988 harvest. The results are as follows:

(In million board feet, log scale)

Tongass National Forest	1988 (calendar year)
Allowable Sale Quantity	[illegible]7
Utility	[illegible]1
Total	[illegible]8

If there is any adjustment necessary to the 448 it would most likely be upward due to missing some of the very small producers of lumber, shingles and shakes.

Senator **Bumpers**. Senator, in the same report that I mentioned a moment ago—as I say, I suppose anybody can reach any kind of conclusion they want to—I think in the figures you are giving that would include a lot of native timber jobs.

Senator **Murkowski**. 1,000, I stated.

Senator **Bumpers**. I think that is probably right, but——

Senator **Murkowski**. I think, Mr. Chairman, the figures you have and the figures I have obviously are different. Mine are from the Department of Labor in Alaska and they are updated figures and representing a 17 percent increase over 1987.

Senator **Bumpers**. This Department of Agriculture Forest Service Report says, based on the timber sales program information reporting system, harvest and processing of timber from the Tongass National Forest in fiscal 1988 supported 1,781 of the reported logging, saw mill and pulp mill jobs. Across all economic sectors, including forest products, 3,385 in Southeast Alaska are affected by the timber harvest on the Tongass. So I suppose we have two governmental agencies here maybe reaching slightly different conclusions.

Senator **Murkowski**. I will stand by my figures, and I think we have adequate witnesses that can address both sets of figures.

Senator **Wirth**. Will the senator yield?

Senator **Bumpers**. Yes.

Senator **Wirth**. Do we have any data as to how many people whose employment is affected are Alaskans and how many are itinerant workers?

Senator **Bumpers**. I have no idea. George is going to testify here in a minute.

Senator **Murkowski**. I have those. If you want them now I will give them to you. If you want them later——

Senator **Wirth**. I think we ought to put that in as well. Mr. Chairman, I am sorry I was a little bit late this morning, but I was wondering if it was possible to make just a brief opening statement to try to put——

Senator **Bumpers**. Yes. I am according Senator Murkowski that same privilege, so I would be happy to accord you the same privilege.

With your indulgence, Senator Wirth, I would like, since I offered that proposition to Senator Murkowski, to allow him to proceed.

Senator Murkowski, do you want to make your statement?

STATEMENT OF HON. FRANK H. MURKOWSKI, U.S. SENATOR FROM ALASKA

Senator **Murkowski**. Yes, Mr. Chairman. First of all, let me thank you for holding this hearing today. As you have already observed, this legislation addresses the future of the Tongass National Forest and a large portion of the people of Alaska.

We have a number of Alaskans who have come down here this morning. We have the concern expressed by our Governor. I appreciate your arranging to accommodate the two Alaskan native groups who are going to be testifying here this morning.

I think the dialog that you had with Senator Stevens was most appropriate and I think, particularly that portion addressing the global warming trend, that indeed the Tongass is not part of the problem but a very major part of the solution, in as much as a young forest assimilates the CO2 carbon dioxide; as opposed to what is going on in South America, which we all are very alarmed about, where the deforestation results, in consequence where you do not have the regeneration that we have in the Tongass.

Today, the committee has before it two bills which will have radically different impacts on the Tongass: S.237, which was introduced by Senator Stevens and myself, and S.346, which was introduced by Senator Wirth and others.

I look forward to the opportunity to compare the merits of the two bills. First of all, it comes as no secret, Mr. Chairman, that I oppose the legislation that has been introduced by my colleague, Senator Wirth. That bill, in my opinion, is designed to seriously cripple the timber industry of my state.

It repeals section 705 of ANILCA, reneging on a compromise crafted by this committee in 1980. It mandates termination of two 50-year timber contracts which are vital to the economy of Southeastern Alaska, and it puts nearly 1.8 million acres of valuable forest land off limits to multiple use management.

I refer, Mr. Chairman, to the reality that we have approximately one third of our forest in wilderness already, our commercial forest. We have another third that has been set aside for fish and game habitat and roughly one third that is being managed on a perpetual yield basis.

Should this measure become law, Mr. Chairman, it would reduce the sustained yield of the Tongass Forest by more than half. It will also abrogate contracts resulting in a potential liability to the United States of hundreds of millions of dollars.

Finally, it will require the United States to walk away from a commitment made to the people of Southeastern Alaska. A commitment that families, businesses and communities have relied upon for 40 years, and whatever figure is finally determined on the number of workers, obviously that is in jeopardy as well.

The sad thing, Mr. Chairman, is that this legislation will not create more jobs in other sectors of the economy in Southeastern Alaska, as some might contend. Nor will it enhance deer or fish populations as others might hope. What it will do is violate the balance crafted in ANILCA between wilderness and multiple use of the forest. It will put aside a timber development program that has worked since its inception, resulting in the eventual closure of the only two year-round manufacturing plants in our state.

Now, rather than resist challenge, Senator Stevens and I have introduced a bill that makes an honest effort to address the criticisms leveled against management of the Tongass. This bill goes far, and is not endorsed wholeheartedly by the timber industry or environmental interests, but we believe that it is a practical and workable compromise.

There are two important aspects of our proposal. The first is, it does not walk away from the commitment made by the United States to the people of Southeastern Alaska. Second, it does not upset the basic compromise crafted in ANILCA that huge wilderness withdrawals would not reduce the timber supplies below the level necessary to support the Southeast Alaska timber industry at historic levels of employment.

Our bill does repeal—it repeals the off budget appropriation for the Tongass timber program and the mandate that the Forest Service make 4.5 billion feet of timber available to the dependent industry each decade.

Under our bill, the actual amount of timber prepared for sale and sold and harvested would be limited by the amount of Congressional appropriation, like any other forest, the sustained yield capacity of the forest and the market demand for wood products. In addition, we would require that a sufficient amount of the land outside existing wilderness remain in multiple use management to support the timber-dependent Southeastern Alaska communities on that sustained yield basis.

Mr. Chairman, I think it is appropriate to direct the committee's attention toward a few maps that would better acquaint members with the Tongass National Forest. First of all, I have a map showing land classifications in Alaska.

Now the green, Mr. Chairman, are the national forest areas. The green areas are those areas in the national forest. All other colored areas of the map are federal lands closed to multiple use. The only exception is the national petroleum reserve near the Beaufort Sea.

Let us take a look at things for a minute and recognize that there are a total of 365 million acres of land in Alaska; 216 million acres are federal lands, of which 75 million acres are national wildlife refuges, 51 million acres are national parks, 56 million acres of the parks, refuge and forest are designated wilderness. Fifty-six million acres, Mr. Chairman.

Southeastern Alaska, or the panhandle, lies wedged between the mountains and the oceans in the Southeastern part of the state. There are nearly 21 million acres of land in Southeastern Alaska, as Senator Stevens pointed out, an area larger than West Virginia, or about the size of New York to the Washington corridor.

The population of Southeastern Alaska, Mr. Chairman, is about 65,000. Again, Elizabeth, will you show roughly the area, Southeastern area? Ninety-five percent of Southeastern Alaska, Mr. Chairman, 95 percent is owned by the federal government; 3.2 million acres of Southeastern Alaska are national park lands, and 16.8 million acres are national forest lands.

I doubt if there is any other area in the country that has so much ownership by the federal government, Mr. Chairman. Sixty percent of the combined park and forest lands are managed as wilderness, maintained roadless, and excluding community uses such as timber management and mining.

Now, if we look at the map of the Tongass National Forest specifically, we see that we have a 16.8 million acre forest. It is the Nation's largest. The forest area is three times larger than New Hampshire and larger than West Virginia.

We have in this area 7.3 million acres of rock, ice, high-level alpine meadows, muskeg. Shaded in the darker green area are the 9.5 million acres that are tree-covered. Within the tree-covered area, 5.4 million acres are harvestable, old-growth forest lands. These are the dark areas on the map.

Now we have the Tongass National Forest Map showing state, private and native lands. The tan-colored areas, Mr. Chairman, of the map show forest lands owned by the State of Alaska and the Alaska Native Corporations, nearly one million acres. So you can see that most of the area remains in timber, federal government-held timber.

Many valuable timber areas have been conveyed to the native corporations in appropriate settlement of their aboriginal land claims. Native and state-owned timber is not subject to primary manufacturing requirements applied to forest timber.

That means the private timber can go out exported as round logs. It does not have to meet the requirement of primary manufacture, which is the base job of secondary recovery. Privately-owned timber is usually exported as round logs or chips, and therefore really does not sustain the jobs or the saw mills and pulp mills that the timber that is manufactured in the state does.

In 1988, over 385 million board feet of timber were harvested by native corporations. Nearly half of all the timber harvested in Southeastern Alaska was harvested, Mr. Chairman, from private lands.

Now we go to the Tongass National Forest map showing wilderness, and I think it is important to recognize this is what we are talking about. The real meat of the proposed bill of Senator Wirth and the objective of the preservationists is to turn Southeastern Alaska into a total wilderness.

Now, let us look at what we have got to start out. In addition to the 1 million acres of state and native lands excluded from multiple use management are lands managed as roadless wilderness.

Colored tan—this is all of Southeastern Alaska—colored tan are 8.8 million acres of forest land that are off-limits to timber management; 5.4 million of those acres are permanent wilderness. Permanent wilderness, in our definition, is in perpetuity.

Three point four million acres are managed for roadless recreation and old-growth ecosystem protection. These areas have been set aside by Congress and the Forest Service, removing 70 percent—70 percent of the harvestable, old-growth forest from timber production in perpetuity.

Within the green areas which you will see are the remaining areas available for multiple use management. Only 1.7 million acres, or one tenth of the Tongass, can ever be managed for timber production.

Now, this is something, Mr. Chairman, that people just do not sit down and recognize the reality. This timber management area will be harvested over and over again in 100 year cycles, producing twice the volume in second and subsequent growth.

Anybody who has ever looked out of their hotel window in Juno, or looked over Ketchikan or been over to Edna Bay and seen the intensity of the second growth can recognize the significance of what a balance of old growth and regrowth can be in a growing, thriving forest such as the Tongass.

Assertions that the Tongass rain forest is being destroyed or clear-cut into oblivion are totally unfounded. Ninety percent of the total forest and two thirds of the high volume, old-growth timber will never be logged, and I defy any of the witnesses to discount that statement. Those are the facts under the terms of the legislation that we already have.

Now, the next map, Mr. Chairman, is the Tongass National Forest map showing timber moratorium areas designated in my colleague Senator Wirth's bill. In addition to the 8.8 million acres of the Tongass National Forest already off limits to multiple use management, Senator Wirth's bill designates 23 moratorium areas that are to be managed to protect old-growth ecosystem resources.

Colored tan and added to the lands already excluded from multiple use management are nearly 1.8 million acres included in these timber moratorium areas for a total of 10.6 million acres, removed from multiple use status. That is 63 percent of the forest.

Now, the ANILCA compromise: in 1978 the Tongass National Forest plan balanced wilderness and multiple use management, and that is what this hearing is all about. In 1978 the Forest Service found that the Tongass Forest could produce—could produce—over 10 million board feet of timber each decade on a sustained yield basis.

However, the 1978 forest plan recommended a sustained yield harvest of only 4.5 billion board feet per decade and reserved over half of the forest for other uses not directly compatible with timber management, including wilderness preservation.

Congress altered the balance by creating more wilderness. That is the price of wilderness, and that was the justification for the $40 million which Congress has made available and this legislation rescinds. Then Congress interceded in the planning process and mandated 5.4 million acres of wilderness, including much of the most accessible timber.

The result was to reduce the amount of timber available from 4.5 to 3.38 billion board feet per decade. Reducing the available timber by 112 million board feet each year would have resulted in a loss of hundreds of jobs in Southeastern Alaska.

ANILCA, Section 705, attempts to restore the balance, searching for a way to mitigate the impact of wilderness on the livelihood of Southeastern Alaska residents. This committee, but primarily Senators Jackson, Tsongas, and the senior senator from Alaska, Ted Stevens, worked with the Forest Service, as Ted indicated, to formulate what is now ANILCA Section 705.

Section 705 included marginal lands in the timber base to compensate for more accessible timber locked up in wilderness quite appropriately. Under this provision, the Forest Service was given the funds and the authority to include additional timber economically marginal because of its remoteness and quality into the timber base.

Inclusion of economically marginal timber lands into the timber base, called intensive management, raised the sustained yield capacity of the multiple use forest from 3.38 to 4.5 billion board feet per decade, and was intended to avoid economic dislocation in Southeastern Alaska.

What we are saying, Mr. Chairman, is that Section 705 was really the price of wilderness and nothing more. The merits of that stand on their own. This is the core of the 1980 compromise. Those who say the timber has been subsidized fail to recognize the significance of what price wilderness? How much was that million acres worth?

Well, we are doing away with that in this proposed legislation, Mr. Chairman, yet there does not seem to be much of a reaction over the merits of that, yet that was the leading argument up until this time. The law that created the wilderness would also ensure that this wilderness would not reduce the timber supply below the Forest Service planning level and result in economic dislocation in Southeastern Alaska.

The need for legislation today, while the basic premise of Section 705 is sound implementation by the Forest Service, has been criticized. Some of that criticism is justifiable. The Tongass Forest spending should not be subject to annual oversight and approval by Congress is the cry that we have heard from the Reader's Digest, some of our colleagues, and even Sports Illustrated.

The Tongass Timber Supply Fund was established to ensure that adequate funds for the intensive management of economically marginal timber occurred. However, actual spending, primarily during decades of low timber demand, has not always been prudent.

Critics have demanded that the spending in the Tongass be subject to annual Congressional oversight and approval. That is what we have done in the bill. The Forest Service should not be required to prepare for harvest 4.5 billion board feet per decade is another challenge.

Well, the 4.5 billion board feet mandate was intended to provide the necessary authority for managing marginal areas with dedicated funds. However, critics claim that it will result in wasteful timber preparation when timber markets were poor and caused management of the forest to favor timber production to the detriment of other forest.

Let me explain briefly the significance of our bill. Criticisms can be addressed without backing away from the commitment made to Southeastern Alaska. In the bill that Senator Stevens and I have introduced, which addresses these criticisms, it eliminates both the $40 million permanent appropriation and the timber supply mandate, but preserves the balance between the 4.5 million acres of wilderness and the minimum timber base crafted by Congress in 1980.

S.237 only requires that a minimum amount of land remaining in multiple use timber harvest will be managed as in all other national forest. We will not be different any more.

Our bill requires that a significant area remain in full multiple use management so that 4.5 billion board feet per decade could be produced on a sustained yield basis if needed.

The actual harvest levels will be determined as they are on any other national forest. The amount of timber harvested will be limited by 1) the sustained yield capacity of the forest, which takes into account protection of all multiple use, including fish and wildlife habitat, and 2) the market demand for timber, and 3) the funds appropriated by Congress each year for timber programs.

Conservationists, preservationists and those concerned about the deficit will be satisfied. But I really question whether the preservationists will because they really want it all for themselves. Preservation groups will not be satisfied with our bill. Their goals are to shut down the timber industry by restricting the timber supply and to dedicate more of the forest to roadless, noncommodity uses.

Now, the problems we have with my colleague's bill, Senate bill 346, are that Senator Wirth's bill would carry out the national preservation groups' agenda for the Tongass. The Wirth bill attempts to shut down the industry through cancellation of contracts, reduction of the timber supply, and it would remove an additional 1.7 million acres from multiple use management, making old growth protection the priority use in these areas.

Restricting the timber supply and reducing multiple use lands is the other question. Well, S.346 leaves only 30 percent of the entire 16.8 million acre forest available for multiple uses such as timber management and road access, hunting, fishing and recreation. This will greatly affect the future growth of Southeastern Alaska and will eliminate any possibility that many isolated communities would some day be connected by a road system.

Well, let us throw out the planning effort just prior to completion, which is what is suggested in Senator Wirth's bill. Senator Wirth's bill stops the current forest planning effort in its tracks.

The Tongass Forest planning team has worked for nearly two years at a cost of some $5 million. The draft plan is due in December of this year. Why not wait for the recommendations?

Hearings have been held in nearly every community across Southeastern Alaska. Hundreds of people have invested their faith, their valuable time and their opinions in the planning policy. Every witness that is here today has done so. The State of Alaska has worked thousands of man hours preparing its input into the forest plan. All of this effort would be wasted by the Wirth bill.

Circumventing the planning process with statutory land designations has also been mentioned. Well, S. 346 prescribes as a matter of law, management priorities including old-growth ecosystems protection for 23 designated areas totalling nearly 1.8 million acres, thus forcing the Forest Service to manage these areas as wilderness.

This bill would have Congress designate those lands just before—just before, Mr. Chairman—the planning process is completed and the resource managers have an opportunity to act, presumably because the Forest Service is not to be trusted to carry out its mission.

The Tongass plan is the very first forest plan in the Nation to be revised to circumvent the process. In this way, I think, it sets a very bad precedent. How many more plans for other national forests will be brought before this committee to be tailored to suit preservation interests before the revisions are complete? I think we would have to agree that there is merit to let the resource professionals determine the proper balance between old-growth ecosystem protection and active forest management.

Reneging on contracts and a commitment to Southeastern Alaska is of course an issue that underlines this whole hearing. The Wirth proposal abrogates the contracts with the two mills that depend on the Tongass Forest for wood fiber. The exposure of the United States obviously is sufficient, and significant, running into the hundreds of millions of dollars.

If the pulp mills had to close the rest of the industry to a large degree would collapse. This is because 49 percent of the harvestable material is good only for making pulp. A lot of people do not understand that, Mr. Chairman. It is wood fiber. About 49 percent of timber has no other market. It cannot be used in the saw mills. It simply is old, and in many cases in a state of decay. Half the wood fiber goes to the pulp mills, and half of the timber supply goes to the saw mills, and the saw mills sell their chips back to the pulp mills. We have an integrated industry built up around the pulp mills, and they are a critical component.

When the United States signed the pulp mill contracts a commitment was made to the people of Southeastern Alaska who have relied on the 1947 Tongass Timber Act. It was more than enabling legislation for two pulp mill contracts. It was a federal commitment to the people of Alaska.

Entire communities believed in and in fact were built on this commitment. Many people have located their families and invested in their homes and businesses believing that the United States would live up to its end of the bargain. I know because I watched this take place. I grew up in Ketchikan, Alaska. I worked in Wrangell as a banker. I have been in Southeastern Alaska a good portion of my life.

The two pulp mills have lived up to their end of the bargain. Both pulp mills used the long-term timber supply as collateral to obtain financing and made substantial investments in facilities. A year-round timber industry grew up around the pulp mills, including the saw mills, logging camps, stevedoring operations, air taxi services and so forth. Sure, they have had their ups and downs when markets have been poor as they were from 1981 to 1985.

The pulp mills did not break their contracts with the United States and close their doors on the people of Southeastern Alaska. Instead, they used the 50-year timber contracts as collateral to finance for long operating losses, and I would enter some of their annual statements in the record, Mr. Chairman.

Let us take the Sitka pulp mill. It represents a really extraordinary commitment on the part of the Japanese government. The Japanese-owned mill accumulated a staggering debt during the market depressions of the mid-1980s but did not close its doors, treating the upholding of its commitments to U.S. as a matter of commitment. This past year Japanese officials have worked long and hard to restructure the past debts of Alaska Pulp, and I would remind my colleagues that there is entire U.S. labor in that mill.

The pulp mills have weathered bad times but are prospering again. In 1988 the pulp mills have had their best year ever, exporting over $160 million in production in addition to their domestic sales. The Southeastern Alaska forest products industry as a whole exported $475 million in products during 1988. This is up from $327 million in 1987, a 45 percent increase.

Employment in the industry is up 17 percent from 1987. In 1988, 3,447 people were employed at the saw mills, pulp mills and logging camps, but that does not tell the entire employment story. An additional 976 people were employed in stevedoring, towing, road construction and the Forest Service.

These are 4,423 direct jobs resulting in another 6,192 indirect and induced jobs for a grand total of 10,615 jobs dependent upon the Southeastern Alaska timber industry. These are jobs sorely needed in my state, where we are currently experiencing over double-digit unemployment, the highest in the Nation.

The high quality of Alaska Pulp products does play a critical role in our space program, a little-known fact, Mr. Chairman. But it is important to note that the Sitka Mill makes an extremely high quality pulp product which is used to produce a special rayon yarn critically needed in the space shuttle's strategic missiles.

Alaska Pulp provides material to Avtex Fibers in Front Royal, Virginia, the only qualified supplier of aerospace grade rayon yarn essential to many tactical and strategic missiles and the space shuttle program. The Air Force has requested that Alaska Pulp increase its shipments to Avtex.

According to the Air Force in a recent letter, and I quote: "Without an adequate quantity of wood pulp, Avtex will not be able to operate at economic levels and this could force the plant into final closure, thereby jeopardizing our national security."

Finally, Mr. Chairman—and I know you have waited along time for this, but I think it is appropriate that we lay a background so that the record can reflect a base to qualify the accuracy of what we are attempting to portray—I have observed that my colleagues from the Western States must continually oppose national preservation group agendas for local land use in their states.

Large areas of our state are owned by the Federal Government, and the relationship between the Federal lands manager and the local community runs very deep. Their livelihoods depend on it. Many of my Eastern colleagues will never fully understand how the federal presence affects our workers, our families, communities, and our states in general.

Consider what it would be like to give up control of a large land area in your own state. What areas would you choose? Worse yet, what if the government decided for you? I have 56 million acres of the 90 million acre National wilderness preservation system in my state. Fifty-six million out of 90.

How much is enough? The designated wilderness in Alaska is larger than the State of Idaho. One would think the Wilderness Act was written only for Alaska, in my mind. But it was not. I ask my colleagues, how would you go about selecting which segment of your population, which would be allowed to remain, which would be required to relocate, and how would you choose which of your industries and communities would be dismantled for the alleged good of the Nation?

How would you explain to working mothers and fathers that they would no longer have a job to support their families because the government, 2,500 miles away in Washington, D.C., best knew how to allocate uses of land?

Mr. Chairman, the most difficult explanation of all is to explain to your neighbors and friends how people thousands of miles away with little or no knowledge about their community or traditions or way of life, people who have nothing personal to lose in the outcome of decisions, could have more voice in the process than they have themselves.

Mr. Chairman, I commend the subcommittee for holding the hearing today and for tentatively planning to hold the hearings in Alaska, which I understand have been committed on for some time in the future in Ketchikan, Wrangell and Sitka.

The people of Southeastern Alaska are anxious to be heard on this issue. I hope that before acting on any legislative proposal the members of this committee will review the record that is to be made with care and with compassion for the people who live in the Tongass National Forest.

Mr. Chairman, an excellent article by Rollo Pool about the Tongass National Forest was recently published in the new publication "Our Land" and I would ask that that be read into the record at this time, and that concludes my opening statement and I thank the chairman and look forward as you do to the witness panel.

[The prepared statement of Senator Murkowski follows:]

STATEMENT OF SENATOR FRANK H. MURKOWSKI CONCERNING S. 237 AND S.346

FEBRUARY 28, 1989

INTRODUCTION

Mr. Chairman, I want to thank you for holding this hearing today on a very important subject to me and the people of the State of Alaska, legislation addressing the future of the Tongass National Forest. I oppose the legislation that has been introduced by Senator Wirth, which is designed, in my opinion, to seriously cripple the timber industry in my State. His bill, S. 346, repeals section 705 of ANILCA reneging on a deal crafted by this Committee in 1980, mandates termination of two 50 year timber contracts which are vital to the economy of Southeast Alaska and puts nearly 1.8 million acres of valuable forest lands off-limits to multiple use management. Should this measure become law, it would reduce the sustained yield of the Tongass forest by more than half and abrogate contracts resulting in a potential liability to the United States running into the hundreds of millions of dollars. Not to mention the United States walking away from a commitment made to the people of Southeast Alaska -- a commitment that families, businesses and communities have relied upon for 40 years.

The sad thing is that this legislation will not create more jobs in other sectors of the economy in Southeast Alaska as some contend, nor will it increase the deer or fish as others might hope. What it will do is violate the balance crafted in ANILCA between wilderness and multiple use of the forest and will put aside a timber development program that has worked since its inception -- resulting in the eventual closure of the only two year-around manufacturing plants in my State.

Rather than resist change altogether, Senator Stevens and I have introduced a bill, S. 237, that we feel makes an honest effort at addressing the criticisms levied against management of the Tongass forest. This bill goes far and is not endorsed whole heartedly by timber industry or environmental interests, but we believe it is a workable compromise. The most important aspects of our proposal are that it does not walk away from the commitment made by the United States to the people of Southeast Alaska and it does not upset the basic deal crafted by this Committee in 1980 -- that the large wilderness designations in the Tongass forest would not reduce the timber supply below the level necessary to support the Southeast Alaska timber industry at historic levels of employment.

What our bill does do is repeal the off-budget appropriation for the Tongass timber program and the requirement that the Forest Service make 4.5 billion board feet of timber available to the dependent industry each decade. We would only require that a sufficient amount of the land outside existing wilderness remain in multiple use management to support the timber dependent Southeast Alaska communities on a sustainable basis.

Before addressing the legislative alternatives, I want to direct the Committee's attention toward a few maps I have brought to better acquaint members with the Tongass National Forest.

MAP OF ALASKA CONSERVATION SYSTEM UNITS

* This is a map showing land classifications in Alaska.

* Green areas are National Forests.

* All other colored areas on the map are federal lands closed to multiple uses. The only exception is the National Petroleum Reserve near the Beaufort Sea.

* There are a total of 365 million acres of land in Alaska.

216 million acres are Federal lands, of which
    75 million acres are National Wildlife Refuges
    51 million acres are National Parks

    56 million acres of the parks, refuges and forests are designated Wilderness

* Southeast Alaska, sometimes called "the Panhandle" lies wedged between the mountains and the ocean.

* There are nearly 21 million acres of land in Southeast Alaska:
    -- larger than West Virginia or about the size of the New York to Washington corridor;
    -- populated only by 65,000 people.

* 95% of Southeast Alaska is owned by the Federal government:
    3.2 million acres are National Park lands and
    16.8 million acres are National Forest lands.

60% of the combined park and forest lands are managed as wilderness -- maintained roadless and excluding commodity uses such as timber management and mining.

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MAP OF TONGASS NATIONAL FOREST

* 16.8 million acre forest is the Nation's largest.

* The forest area is:
three times larger than New Hampshire and
larger than West Virginia.

* 7.3 million acres are rock and ice, alpine meadows and muskeg

* Shaded in green, 9.5 million acres are tree covered

* Within the tree covered area:
5.4 million acres are harvestable forest land (these are the darker green areas on the map).

TONGASS NATIONAL FOREST MAP SHOWING STATE, PRIVATE AND NATIVE LANDS

* Tan colored areas on the map show forest lands owned by the State of Alaska and Alaska Native corporations
-- nearly 1 million acres.

* Many valuable timber areas have been conveyed to the Native corporations in settlement of their aboriginal land claims.

* Native and State owned timber is not subject to primary manufacture requirements applied to National Forest timber. Privately owned timber is usually exported as round logs or chips and therefore does not help sustain jobs at saw mills and pulp mills

* In 1988, over 385 million board feet of timber were harvested on Native Corporation lands -- nearly half of all timber harvested in Southeast Alaska.

TONGASS NATIONAL FOREST MAP SHOWING WILDERNESS AND WILDLAND MANAGEMENT AREAS

* Added to the one million acres of State and Native lands and excluded from multiple use management are lands managed as roadless wilderness.

* Colored tan are 8.8 million acres of forest land that are off-limits to timber management:

  5.4 million acres are permanent Wilderness and
  3.4 million acres managed for roadless recreation and
    old growth ecosystem protection.

* These areas have been set aside by Congress and the Forest Service, removing 2/3 of harvestable forest from timber production.

* Removing more than half the forest from multiple use management forced loggers to look for timber in more remote areas or areas requiring expensive fish and wildlife mitigation measures.

In the Alaska National Interest Lands Conservation Act Congress decided to maximize the size of Wilderness areas and mitigate the loss of timber and jobs through an annual off-budget investment in the development of timber resources -- called the "Tongass Timber Supply Fund".

* Within the green area available for multiple use management, only 1.7 million acres, 1/10 of the Tongass, can ever be managed for timber production. This timber management area will be harvested over and over again in 100 year cycles -- producing twice the volume as second growth.

* Assertions that Tongass rain forest risks being clear-cut are totally unfounded -- 90% of the total forest and two-thirds of the high volume timber will never be logged.

TONGASS NATIONAL FOREST MAP SHOWING TIMBER MORATORIUM AREAS DESIGNATED IN WIRTH BILL

* Added to the 8.8 million acres already off limits to multiple use management, Senator Wirth's proposal designates 23 timber moratorium areas that are to be managed to protect old growth ecosystem resources.

* Colored tan and added to the lands already excluded from multiple use management are nearly 1.8 million acres of timber moratorium areas.

* Added to the area already managed for non-commodity roadless uses, this means that 10.6 million acres would be removed from multiple use status -- that is 63% of the forest.

ANILCA BALANCED WILDERNESS & MUTIPLE USE TIMBER MANAGEMENT

1978 Tongass National Forest Plan balanced wilderness and multiple use management

Before the 1980 Tongass wilderness designations, Forest Service planning carried out a multple use mission and determined how much forest was dedicated to wildland preservation, road access hunting, developed recreation, timber management and other uses.

August 1978 draft Tongass National Forest Plan was very first forest plan to be written for any national forest. The plan was used by this Committee under Scoop Jackson's chairmanship to craft Tongass provisions in Alaska National Interest Lands Conservation Act (ANILCA).

Forest Service found that Tongass forest could produce over 10 billion board feet of timber each decade on a sustained yield basis. However, 1978 Forest Plan recommended a sustained yield harvest of only 4.5 billion board feet per decade reserving over half of the forest for other uses not directly compatible with timber management, including wilderness preservation.

In 1980, Congress insured that wilderness designations would not reduce the timber supply cost SE Alaska jobs

But when this Committee indicated it preferred 5.4 million acres of wilderness, including much of the most accessible timber, the Forest Service responded that it would have to further reduce the amount of timber available from 4.5 to 3.38 billion board feet per decade. On average, the wilderness would reduce available timber by 112 million board feet each year.

This Committee recognized that reduced timber availability would directly result in a loss of jobs in an already economically depressed area where timber manufacture was the only year-around industry.

Searching for a way to mitigate the impact of wilderness on the livelihood of Southeast Alaska residents, this Committee, but primarily Senators Jackson, Tsongas and the senior Senator from Alaska Ted Stevens, worked with the Forest Service to formulate what is now ANILCA Section 705.

ANILCA Section 705 included marginal lands in the timber base to compensate for more accessible timber locked up in wilderness

ANILCA Section 705 provided an off-budget appropriation of at least $40 million each year to the Forest Service so that they could make available timber to the dependent industry at a rate of 4.5 billion board feet per decade.

Under this provision, the Forest Service would be given the funds and authority to include additional timber, economically marginal because of its remoteness and quality, into the timber base. Without this special provision, this additional timber would be considered economically unsuitable for inclusion in the managed timber base.

Inclusion of additional economically marginal timber lands into the timber base, termed intensive management, would raise the sustained yield capacity of the multiple use forest, outside wilderness, from 3.38 to 4.5 billion board feet per decade and avoid economic dislocation in Southeast Alaska.

This is the core of the "1980 Deal" -- what I like to call the price of wilderness" -- the law creating the wilderness would also insure that wilderness designations did not reduce the timber supply below the Forest Service planning level and result in economic dislocation.

THE NEED FOR LEGISLATION

In 1980, Congress determined that Wilderness and timber management should be statutorily protected uses of forest and struck balance between them based on 1978 Tongass Land Management Plan.

While the basic premise of the ANILCA provision is sound, implementation by Forest Service has been the subject of criticism.

Tongass forest spending should be subject to annual oversight and approval by Congress

The Tongass Timber Supply Fund was established to make investments in economically marginal timber areas and guarantee availability of adequate funds for timber preparation each year. However, actual spending, particularly during periods of low timber demand, has not always been prudent. Critics have demanded that spending in the Tongass be subject to annual Congressional oversight and approval.

The Forest Service should not be required to prepare for harvest 4.5 billion board feet per decade

The 4.5 billion board foot timber mandate was intended to provide the necessary authority for managing marginal areas with dedicated funds. However, critics claim that it resulted in wasteful timber preparation when timber markets were poor and causes management of the forest to favor timber production to the detriment of other forest users.

EXPLANATION OF MURKOWSKI/STEVENS BILL (S. 237)

Criticisms can be addressed without backing away from the commitment made to SE Alaska

I'm willing to address these criticisms fairly and believe they can be answered without the need for additional wilderness or statutory restrictions on the Forest Service planning process.

What I'm not willing to do is back away from the basic deal crafted in this Committee in 1980 -- that the large wilderness designations in the Tongass forest will not reduce the timber supply below the level necessary to support the Southeast Alaska timber industry.

Senator Stevens and I have introduced a bill which eliminates both the permanent appropriation of at least $40 million annually and the timber supply mandate, but preserves balance between 5.4 million acres of wilderness and the minimum timber base crafted by Congress in 1980.

S. 237 only requires that a minimum amount of land remain in multiple use, timber harvests will be managed as on all other National Forests

Our bill only requires that a sufficient area remain in full multiple use management so that 4.5 billion board feet per decade could be produced on a sustained yield basis if needed.

The actual harvest levels will be determined as they are on any other national forest. The amount of timber harvested will be limited by:

1) the sustained yield capacity of forest, which takes into account protection of all multiple uses including fish and wildlife habitat;.
2) the industry demand for timber; and
3) the funds appropriated by Congress each year for timber program.

Our bill addresses the primary criticisms against Tongass forest management:

lack of Congressional oversight and approval of spending and mandated harvest levels.

The Tongass timber program will be managed in the same way timber programs are managed on all other national forests.

Conservationists and those concerned about the deficit will be satisfied but preservationists want it all for themselves

Conservationists and those concerned with the prudence of off-budget appropriations at a time when we must make hard choices to address the deficit will be satisfied with our bill.

But the preservation groups will not be satisfied -- their goals are to shut down the timber industry by restricting the timber supply and to dedicate more of the forest to roadless non-commodity uses.

PROBLEMS WITH THE WIRTH BILL (S. 346)

This is precisely what Senator Wirth's bill is about -- carrying out the national preservation group agenda for the Tongass.

The Wirth Bill attempts to shut down the industry through cancellation of contracts and reducing the timber supply. And it would remove an additional 1.7 million acres from multiple use management -- making old growth ecosystem protection the priority use in these areas.

Restricting the timber supply and reducing multiple use lands

If the Wirth bill should become law, it will reduce the sustained yield capacity of the Tongass forest by 2.27 billion board feet per decade -- a reduction of over half of the present sustained yield capacity. This would deal a devastating blow to the communities of Southeast Alaska critically dependent upon the timber industry.

In addition, this proposal leaves only 37% of the entire 16.8 million acres forest available for multiple uses such as timber management and road access hunting, fishing and recreation. This will greatly affect the future growth of the Southeast Alaska tourism industry and eliminate any possibility that many isolated communities would someday be connected by a road system.

Throwing out the planning effort and starting over with new statutory objectives

This bill expressly stops the current forest planning effort in its tracks. The Tongass forest planning team has worked for two years at a cost of $3.7 million.and the draft plan is due in December of this year. Hearings have been held in nearly all communities across Southeast Alaska, hundreds and hundreds of people have invested their faith and valuable time in the forest planning process. I am aware that the State of Alaska has worked thousands of man hours preparing its input into the forest plan. All of this effort would be wasted by the Wirth bill.

Senator Wirth's proposal requires the Forest Service to begin a new planning process that departs from the multiple use mandate contained in the National Forest Management Act. His bill requires the Forest Service to use the existing plan as a base line and then significantly increase protection of high volume old growth timber areas and other non-commodity uses. The result is a significantly reduced timber base and related job loss.

Why not let the resource professionals determine the proper balance between old growth ecosystem protection and active forest management?

Circumventing the planning process with statutory land designations

In addition, for 23 designated areas totaling over 1.7 million acres, this proposal prescribes, as a matter of law, management priorities including old growth ecosystem protection. The result is the Forest Service is forced to manage these areas as wilderness.

A critical aspect of the National Forest planning process is to determine how lands should be managed including which lands should be administratively set aside from commodity uses.

The Wirth Bill would have Congress designate those lands just before the planning process is completed and the resource managers have an opportunity to act, presumably because the Forest Service is not to be trusted to carry out its mission.

The Tongass plan is the very first forest plan in the nation to be revised -- to circumvent the process in this way sets a very bad precedent.

How many more forest plans for other national forests will be brought before this Committee to be tailored in a way which is advantageous to preservation interests before their revisions are complete?

Reneging on contracts and a commitment to SE Alaska

Finally, the Wirth proposal abrogates contracts with two pulp mills that depend on the Tongass forest for wood fiber. While an adequate study of the federal liability resulting from contract termination has not been completed, the exposure to the United States could be significant -- possibly running into the hundreds of millions of dollars.

If the pulp mills had to close, the rest of the industry would collapse. This is because 49% of the harvestable material is good only for making pulp. Half the wood fiber goes to the pulp mills and half goes to the saw mills. And the saw mills sell their chips back to the pulp mills. We have an integrated industry built up around the pulp mills. They are a critical component.

When Congress created and the United States signed the pulp mill contracts a commitment was made that the people of SE Alaska have relied upon

Before the arrival of the pulp mills Southeast Alaska did not have a year-around timber industry. This is why Congress passed the Tongass Timber Act in 1947 -- to encourage pulp mills to locate in Alaska. Keep in mind, Alaska was not even a State until 1959.

Even with the assurance of a 50 year timber supply, the pulp mill proposal for this remote territory was so risky it took years to find takers. It wasn't until 1951 that the United States signed a contract with Ketchikan Pulp Company to build a mill in Ketchikan. And in 1957 a contract was signed with Alaska Pulp Corporation, a Japanese-owned company, to build a mill in Sitka.

The 1947 Tongass Timber Act was more than enabling legislation for two pulp mill contracts, it was a federal commitment to the people of Southeast Alaska. Entire communities believed in and in fact were built on this commitment. Many people have located their families and invested in their homes and businesses in reliance on the United States living up to its end of the bargain.

Cities were established and schools and hospitals were built. Families settled in and when the children reached adulthood they found work in the woods and homes near their parents. I know because I watched this take place as I grew up in Ketchikan and worked as a banker in Wrangell.

The two pulp mills have lived up to their end of the bargain

For the Japanese, the Sitka mill was their very first post war industrial project in the United States. The contract was actually negotiated through General MacArthur's headquarters. The project represented a serious Japanese commitment and contribution to an economically unstable and undeveloped region of the United States.

Both companies used the long term timber supply as collateral to obtain financing and made huge investments in facilities. A year-around timber industry grew up around the pulp mills including saw mills, logging camps, stevedoring operations and air taxi services.

And when markets have been poor, as they were from 1981 to 1985, the pulp mills did not break their contracts with the United States and close their doors on the people of Southeast Alaska. Instead they used the 50 year timber contracts as collateral to finance prolonged operating at a loss.

The Sitka pulp mill represents an extraordinary commitment on the part of the Japanese government

The Japanese-owned mill accumulated a staggering debt during the market depression of the mid-80's, but refused to close its doors, treating the upholding of its commitment to the U.S. a matter of honor. This past year Japanese officials have worked long and hard to restructure the past debts of Alaska Pulp. A recent letter from the Japanese Minister of International Trade and Industry bringing news of a government plan to restructure the company's debt provides evidence of the sincere Japanese commitment to this contract.

I quote:

> "Alaska Pulp had fallen on difficult times ... The concerned parties, however, having examined the feasibility of the company's continued operation - an effort premised on the determination of Alaska Pulp to pursue its operation - and come up with a positive assessment, and recognizing the project's importance to the community of Sitka, the State of Alaska and U.S. - Japanese economic relations, finally arrived at the current restructuring plans.

In this sense, the financial restructuring measures to be put into place by the Export-Import Bank of Japan, the other financial institutions and the shareholders are exceptional and unprecedented. It should be acknowledged that these measures represent the most extensive support that the Japanese side can offer."

The pulp mills have weathered the bad times and are just beginning to prosper

In 1988, the pulp mills have had their best year ever exporting over $160 million in product in addition to their domestic sales. The Southeast Alaska forest products industry as a whole exported $475 million in products during 1988. This is up from $327 million in 1987, a 45% increase, and $249 million in 1986. The two pulp mills have exported more than $3 billion in products since they were constructed to more than 36 different countries around the world.

Employment in the industry is up 17% from 1987. In 1988, 3447 people were employed at the saw mills, pulp mills and in logging camps. But that doesn't tell the entire employment story, an additional 976 people were employed in stevedoring, towing, road construction and the Forest Service. These 4423 direct jobs result in another 6192 indirect and induced jobs for a grand total of 10,615 jobs dependent upon the Southeast Alaska timber industry. These jobs are sorely needed in my State where we are currently experiencing double-digit unemployment.

The high quality Alaska Pulp product plays a critical role in our space program and national defense

It is also important mention that the Sitka mill makes a product critical to the NASA program and our national defense. Because of the special nature of the mix of spruce and hemlock fibers and the extremely high quality of the pulp product, it is used to produce a special rayon yarn critical to several components in the space shuttle and in strategic missiles.

Alaska Pulp provides material to Avtex Fibers in Front Royal, Virginia, the only qualified supplier of aerospace grade rayon yarn essential to the production of solid rocket nozzles and reentry vehicles used in many tactical and strategic missiles and the space shuttle program.

Avtex nearly closed its doors for good last November, but due to critical potential impacts to national security, both DOD and NASA negotiated an agreement to allow Avtex to continue operating. Key to the continued operation of Avtex is their ability to obtain supplies from the mill in Sitka.

The Air Force has requested that Alaska Pulp increase it shipments to Avtex. According to the Air Force in a recent letter, and I quote, "Without an adequate quantity of wood pulp, Avtex will not be able to operate at economical levels and this could force the plant into final closure, thereby jeopardizing our national security."

CONCLUSION

Mr. Chairman, I have observed that my colleagues from the western states must continually oppose national preservationist group agendas for local land use in their states. Large areas of our states are owned by the federal government and the relationship between the federal land manager and local communities runs deep -- their livelihoods depend upon it. Many of my eastern colleagues will never fully understand how the large federal presence affects our workers, families, communities and our states in general.

Consider what it would be like to give up control of large land areas in your own states. What areas would you choose? Worse yet, what if the government decided for you? I have 56 million acres of the 90 million acre National Wilderness Preservation System in my State. The designated wilderness in Alaska is larger than the state of Idaho. One would think the Wilderness Act was written with only Alaska in mind -- but it wasn't.

How would my colleagues go about selecting which segment of your population would be allowed to remain and which would be required to relocate? And how would you choose which of your industries and communities would be dismantled "for the good of the Nation"? How would you explain to working mothers and fathers that they would no longer have a job to support their families because the government 2500 miles away in Washington, D.C. knew best how to allocate uses of the land?

Mr. Chairman, the most difficult explanation of all is to explain to your neighbors and friends how people thousands of miles away with little or no knowledge about their community or traditions or way of life, people who have nothing personal to lose in the outcome of the decision could have more voice in the process than they have themselves.

I commend the Subcommittee for holding this hearing today and for tentatively planning to hold hearings in Alaska. The people of

Southeast Alaska are very anxious to be heard on this issue. I hope that before acting on any legislative proposal, this Committee will review the record that is to be made very carefully and with compassion for the people who live and work in the Tongass National Forest.

Mr. Chairman, I ask that my statement be inserted in the record as if read.

Mr. Chairman, an excellent article by Rollo Pool about the Tongass National Forest was recently published in the new publication "Our Land" -- I ask that it be inserted in the record following my statement.

Tongass Timber Reform

Office of Senator Frank Murkowski (Alaska)

Tongass
National
Forest

Only a limited amount of the Tongass is available for Harvest

16.8 Million Total Acres

- An area larger than the combined size of New Hamshire, Massachusetts, Rhode Island, Delaware and Connecticut
- 95% of Southeast Alaska is owned by Federal Government

Of the 5.4 Million Acres of Old Growth Timber, which is Suitable for Logging

- 30% (1.7 million acres) is in Wilderness, preserved forever
- And 40% (2 million acres) is closed to logging to protect fish and game habitat

Leaving Only 1.7 Million Acres Available for Sustainable Harvest over a 100-Year Cycle

- Which is only 30% of the old growth timber
- Which is only 1/10 of the entire Forest
- Maximum harvest will never exceed 17,000 acres/year (1/10th of 1% of Forest)
- Actual average harvest between 1978-1987 was 7,600 acres/year

Comparison of Tongass Timber Reform Legislation

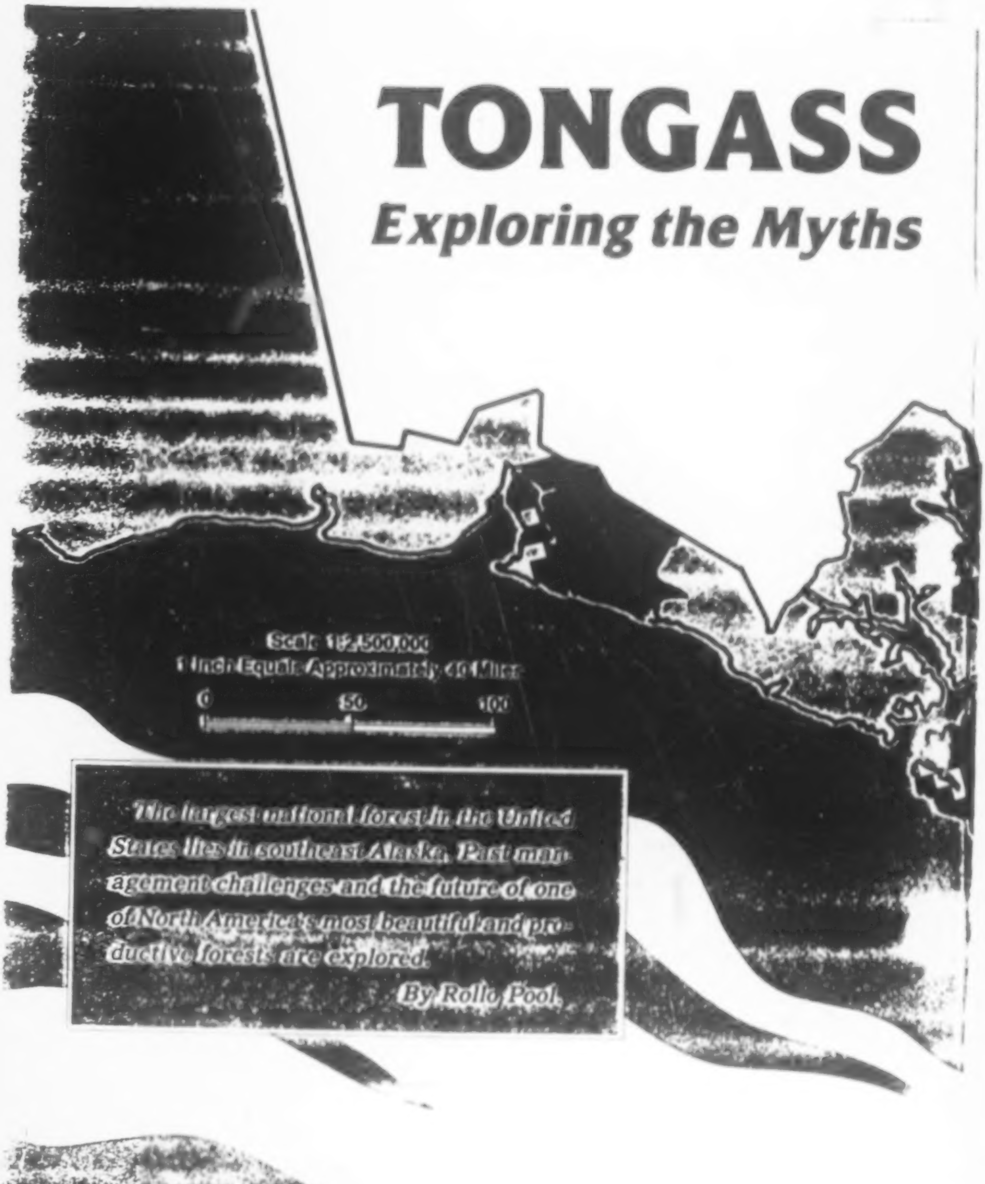
CURRENT LAW (Alaska National Interest Lands Conservation Act)	S. 237 (MURKOWSKI)	S. 346 (WIRTH)
Tongass Timber Supply Fund (TTSF): Makes available at least $40 million annually in order to make timber available to dependent industry	**TTSF:** ***Repealed.*** Harvest subject to annual review of appropriations and spending by Congress	**TTSF:** ***Repealed.*** Harvest subject to annual review of appropriations and spending by Congress.
Timber Supply Mandate The Forest Service must provide 4.5 billion board feet of timber to the dependent industry each decade	**Timber Supply Mandate:** ***Repealed.*** Timber harvest level limited by sustained yield capacity of forest, industry demand and annual appropriation — just like all other National Forests.	**Timber Supply Mandate:** ***Repealed.*** Timber harvest level limited by sustained yield capacity of forest, industry demand and annual appropriation. However, sustained yield capacity of forest is limited by a new provision requiring old growth ecosystem protection to be a priority use of the forest.
Marginal Timber Management: The TTSF, timber supply mandate, and waiver of the general prohibition against the sale of economically unsuitable timber results in economically marginal areas being included in the timber base. This raises the maximum allowable cut from 3.38 bbf/decade to 4.5 bbf/decade (the amount estimated necessary to maintain the historical timber employment base.)	**Marginal Timber Management:** Directs Forest Service to intensively manage forest so that a maximum harvest of 4.5 bbf/decade is achievable ***if needed.*** Effect is to include economically marginal timber in the timber base, keeping the maximum allowable cut at 4.5 bbf/decade (maintaining the level of jobs in the industry.)	**Marginal Timber Management:** No intensive management authorization. Effect is economically marginal timber would be excluded from timber base dropping max. allowable cut from 4.5 bbf/decade to 3.38 bbf/decade. Maximum amount offered for sale in any year drops from 450 mmbf to 338 mmbf (resulting in a loss of jobs.)

...Continued on Back

Current Law, Con'd	Murkowski, Con'd	Wirth, Con'd
50-year Contracts: Up to 300 mmbf/yr. under contract to Alaska Pulp Company (APC) and Ketchikan Pulp Company (KPC). These contracts were entered into before Statehood by the Federal Government in order to induce investment in the two mills within the remote territorial northern forest. The APC contract expires June 30, 2011. KPC contract expires June 30, 2004.	**50-year Contracts**: APC and KPC contracts are not addressed. These contracts benefit the region because they provide timber for two pulp mills which are the only two year-round manufacturing plants in the State of Alaska. The year-round employment provided by the timber industry is extremely important to the economy of this region where all other industries are seasonal.	**50-year Contracts**: APC and KPC timber contracts terminated within 90 days of enactment of law. Loss of timber supply could result in closure of pulp mills and potential liability to the Federal Government running into hundreds of millions of dollars.
Tongass Land Management Plan Revision: Currently underway pursuant to forest planning laws. The planning team has put in two years of effort to date, at a cost of $3.7 million. Draft TLMP is due ***December 1989***. Public hearings in nearly all SE Alaska communities have been completed. With new computer technology and nearly 100% inventory of forest resources to work with, new plan will be most sophisticated ever produced by the Forest Service.	**TLMP Revision**: TLMP process is permitted to proceed on schedule. Sen. Murkowski believes that timber, wildlife and recreation areas should be determined on basis of scientific information and local public opinion.	**TLMP Revision**: Current revision superseded by new TLMP revision which must "***significantly increase*** protection of fish, wildlife, watershed, recreation, cultural, biological diversity and old growth ecosystem resources and subsistence values" from the protection contained in existing plan. Effect is to decrease timber base by "significant" amount. This is a major departure from the multiple use mandate contained in the National Forest Management Act requiring all resource values to be balanced evenly by the Forest Service resource professionals.
Wilderness: 5.4 million acres of Congressionally designated wilderness prohibits harvesting of one-third of the forest's commercial timber, and prohibits road access recreation. An additional 3.4 million acres are managed as roadless wilderness. Over one-half of the entire forest is managed as wilderness. The dense forests of SE Alaska are inaccessible to humans without some road access. Only one-third of the 5.4 million acres of harvestable timber will ***ever*** be available for timber development.	**Wilderness**: 5.4 million acres of wilderness remain in forest. This area contains one-third of the harvestable timber in the forest. Since the Forest Service manages an additional 3.4 million acres as wilderness and must protect the integrity of the entire forest when harvesting timber, Sen. Murkowski believes that 8.8 million acres — over half of the forest — is a large enough area to have off-limits to commodity uses and road access recreation.	**Wilderness**: Existing 5.4 million acres, plus new statutory moratorium on timber harvest on 1,789,285 acres until completion of ***new*** TLMP revision (expected to take approx. 2 yrs. after enactment of law). Requires Forest Service to manage these areas for non-timber uses ***only*** after plan is implemented. Areas include approximately 650,000 acres of commercial forest land. Cut effect is to reduce yield of forest by 115 mmbf/yr. With these additional areas managed as wilderness, the total area in the forest dedicated to roadless wilderness will equal 10.6 million acres — 63% of the forest. This leaves only 37% of the forest available for multiple use management, including developed recreation, road access hunting and timber development.

TONGASS

Exploring the Myths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1 Inch Equals Approximately 40 Miles
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The largest national forest in the United States lies in southeast Alaska. Past management challenges and the future of one of North America's most beautiful and productive forests are explored.

By Rollo Pool.

The nation's largest national forest has grown into one of the nation's largest resource controversies. The media and environmental community have had a field day with the subject. Unfortunately, to many Alaskans and to the forest managers and resource users the controversy is founded more on emotions and scare tactics than on real facts. The forest products industry is trying to tell their side of the story to those that are willing to listen, as legislation to restrict timber harvest levels looms in Congress for 1989. Their theme is that the "Tongass is Back."

The list of publications that have advocated drastic reform of Tongass National Forest management or that have printed distorted, one-sided articles is long: New York Times, Audubon, Atlanta Constitution, Alaska Magazine, Outdoor Photographer, Portland Oregonian, Sacramento Bee, Readers Digest, Trailer Life, Traveler, Anchorage Daily News, Backpacker, Sports Illustrated, to name a few.

Yes, that's right. Sports Illustrated took many by surprise last spring (1988) when it tackled the Tongass National Forest in between basketball and baseball scoops. The article even prompted a reply by Secretary of Agriculture Richard Lyng. "I am disappointed, too, that the article is so patently inaccurate and biased. It suggests the Forest Service should ignore the requirements of the law; that it should not honor the commitments to contracts and to the Alaskan people; and that it should dismiss the importance of the livelihood of the Alaskan residents."

These negative articles rarely tell the other side of the Tongass. The errors and inaccuracies in one piece flow into another, with no or little room for countervailing opinion and philosophy. Some of the main points they miss:

1) Ninety (90) percent of the Tongass National Forest will never be harvested for its trees.
2) Two thirds of the forested land within the Tongass will never be harvested. The one-third that will be harvested will be harvested over 100 years. Trees are harvested on a sustained-yield basis; no more is cut in one year than can grow back.
3) Annual timber payroll ($110 million) in Southeast Alaska exceeds that of fishing and tourism industries. Timber represents about 25% of the total regional economy. It is the region's only year-around industry.
4) One third of the Tongass is wilderness. There is as much good commercial timber in Tongass wilderness areas as there is in the programmable timber harvest areas.
5) Southeast Alaska forests reseed themselves naturally and quickly.
6) There are no endangered animal species in the forest. There are 12,000 Bald eagles in Southeast Alaska. Deer bag limits have increased in recent years in some areas.
7) Sawn wood and pulp from the Tongass make thousands of products in our everyday world. Export of timber products helps improve the balance of trade.
8) Roads built as a result of logging operations have assisted community expansion and have made recreational opportunities and access more abundant.
9) The timber industry has helped to diversify and stabilize the regional economy.
10) The Alaska timber industry, like its lower-48 counterparts, suffered its worst recession from 1980-85 and is now on its feet again.

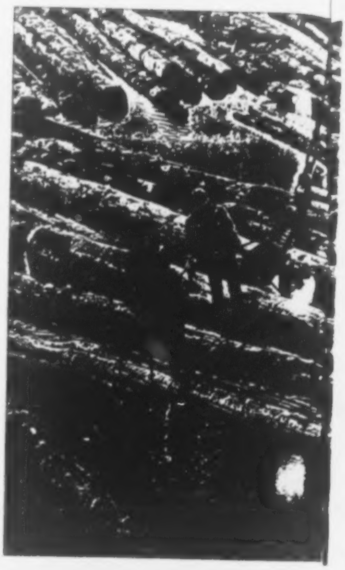
Also importantly, these national pieces generally fail to mention or give credence to the Tongass Land Management Plan (TLMP), a master plan that breaks the entire 16.7 million acre forest into small management units, subdividing parcels into areas for wilderness, mostly roadless recreation, mixed uses or mostly timber harvest. Timber harvest is only one element of the management of the National Forest. The forest, by law, must be managed under multiple-use principles to protect fisheries, deer and bear habitat, subsistence uses and recreation and still allow for timber harvest and mineral exploration. The management plan is undergoing revision, with direct input from all users and managers of the forest, not just the timber industry. A final range of alternatives should be completed by the end of the year (1989).

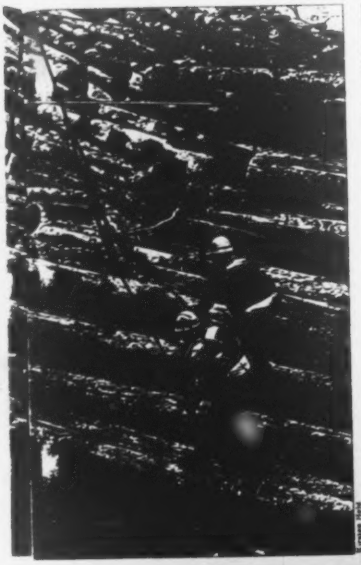
Timber harvest proponents argue the Tongass management plan should be completed before any new legislation is enacted. Environmental groups say the legislation will not affect the management plan. Industry groups say the legislation could reduce the allowable cut by 30 percent.

Most will agree that there is room for change and that reform to the Tongass will come in some form or another during 1989-90. In that event, they agree that change must use a multiple-use, balanced approach to problem solving. It must incorporate ideas and criticisms from all forest users and that the jobs which hang in the balance should not be sacrificed. Forest management does not need to sacrifice one industry for another. The Forest Service maintains there is room in this huge forest for everyone.

In 1988, the House of Representatives passed the Tongass Timber Reform Act (HR 1516) by an 8-to-1 margin, while the Senate version of the bill never reached a vote. House proponents, primarily Robert Mrazek (D-NY) and George Miller (D-CA) vow to bring the bill up early in 1989. Alaska's two senators and its lone representative, its governor and state legislators and most of its newspapers have called for compromise on Tongass issues and for rejection of Congressional bills that do not have a consensus of both industry and environmental groups.

At stake in Hr 1516 is the timber harvest level, the amount of wilderness





Far left: Aerial view of clearcut harvest in the Tongass (90 percent of the Tongass National Forest will never be harvested for its trees). Above: Workers yard logs that will be exported from Southeast Alaska and made into finished wood products elsewhere. Right: Roads built from logging operations make recreation opportunities more abundant and give residents access to settlements

or deferred timber lands, the way the forest service budget is appropriated and the long term timber harvest contracts given to two pulp companies as incentives to build mills in Alaska in the 1950's. Many complicated side issues—the economics of timber programs, markets, job numbers, roads, subsidies, regional employment cycles, bureaucratic waste of taxpayer money, fisheries, wildlife habitat—cloud the issue. There is so much misinformation on the subject that no one can easily discern the truth. Every fact by one side of the issue is countered by one or two facts from the other side. It has created polarity of groups within Southeast Alaska. A Colorado Senator even tied logging in the Tongass to the deforestation problem in the tropics and the global warming trend, both without justification.

Tongass National Forest & Southeast Alaska

The islands and mainland sections of the Tongass encompass 85 percent of Alaska's Panhandle, that sliver of America bordering northwestern British Columbia. The "Southeast," as Alaskans call it, is roughly 100 miles wide by 500 miles long, stretching from Ketchikan to Yakutat. About 45 percent of the Tongass is without trees—ice, mountain tops, and rock. One third is capable forest, with most of the timber stands composed of a fragrant mix of Sitka spruce and Western hemlock. The Tongass became a national forest in 1907, by President Teddy Roosevelt's proclamation.

The Tongass is wet country. Ketchikan's rain is measured in feet—over 13 feet of precipitation each year. Juneau, Sitka, Petersburg and Wrangell get about seven feet. This section of Alaska fails to meet the stereotype of Alaska. There are no igloos, no eskimos, no polar bears. The two dozen towns here are connected by ferry and air service, very few by road.

Like Alaska, the Tongass is huge, 16.7 million acres, equal to the combined size of Rhode Island, Delaware, Connecticut, Hawaii, New Jersey, and half of Massachusetts. Most of Southeast is public lands. About 40 percent of all the federal land in the region is classified as wilderness (in national park and national forest). Legislation coming before Congress in 1989 could push the amount of wilderness in the region to 50 percent, subtracting even more lands from the timber base.

Historical Perspective

Natives have inhabited Southeast for several thousand years and have relied for their subsistence on the same resources used today. The region houses 60,000 Alaskans, whose primary industry employment comes from timber, fishing and tourism.

The regional economy, until the arrival of large scale timber harvesting, was seasonal and revolved around the ups and downs of fishing cycles. Some years were booms and some were busts. Economies in the winters were slow. Mining [illegible] World War II had pretty much come to a halt. Sawmills were a small but important part of the economy, while tourism was small [illegible]. Tourism has grown tremendously in the last decade and mining is expanding.

The Tongass timber resource had been [illegible] for commercial value for decades. [illegible] with this was the idea to build a stable year around economy. In the 1940's, Alaskans and the U.S. Forest Service sought out pulp mills to utilize Southeast timber. Because 80 percent of the timber on commercial forests is not good enough to make lumber, pulp mills could utilize this resource. Several attempts failed. In 1947 Congress passed the Tongass Timber Act which allowed the U.S. Forest Service to provide pulp company prospects with assurance of raw materials in return for these companies making huge investments in Alaska that would help stabilize the communities. Keep in mind, Alaska was not even a state until 1959 and the realities and uncertainties for making huge investments in a remote territory were large. One contract was signed in 1951 with Ketchikan Pulp Corp., a subsidiary of Louisiana Pacific Corp., which constructed a mill in Ketchikan, and in 1957 with Alaska Pulp Corporation, a Japanese owned firm that built a pulp mill in Sitka and a sawmill in Wrangell. Today, these two firms operate year-around, and are two of the largest three employers in the region. They are the state's [illegible] manufacturers.

These long-term (50-year) contracts, now maligned for being outdated and out of touch with forest management practices and slated to be modified in pending legislation, were the incentives to get the mills to invest in Alaska in the first place. They were 50-year timber harvest contracts between the U.S. government and the mills and their cancellations should not be taken lightly. One governmental accounting agency estimated it could cost the government up to $150 million should the contracts be cancelled. Timber industry officials feel the price tag for tearing up the contracts could be several times that amount, while environmental groups say there will be no cost to the government should the contracts be cancelled.

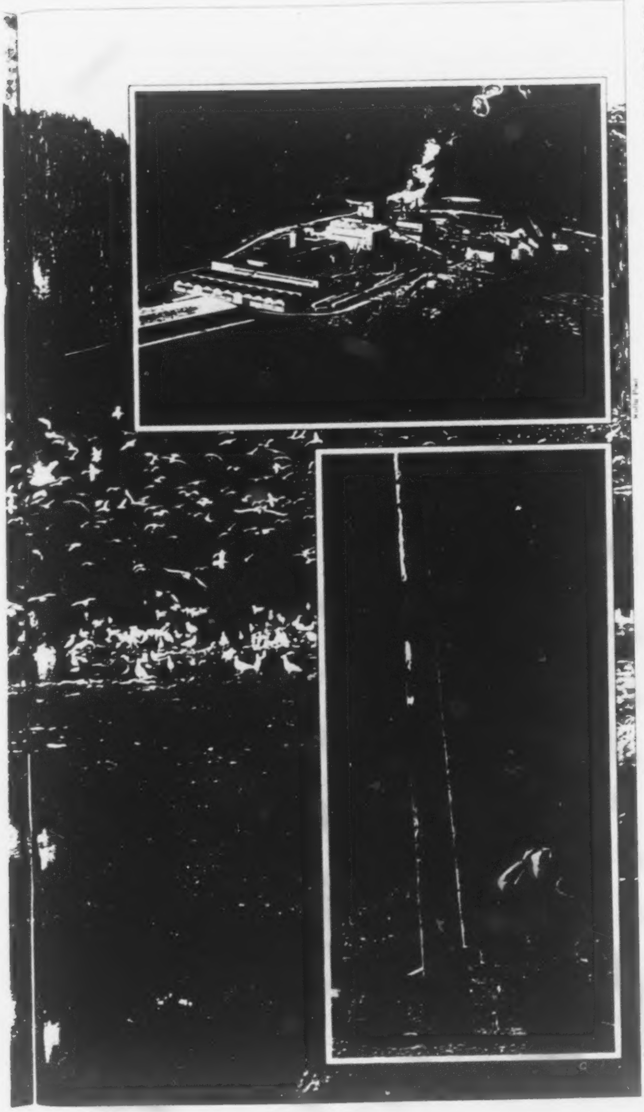
"The 50-year contract is like collateral to us," said Frank Roppel, executive vice president of APC. "That long term contract is our collateral to make investments in the mill and its collateral to assure our customers they will have a constant supply of our product."

Some argue the timber companies were "guaranteed timber for fifty years at sacrificial prices." Not true, says the U.S. Forest Service. The prices paid for timber is based upon the end value of the wood product, minus the cost of preparing the wood. These prices are recalculated every five years. In times of low demand, the end product will be low. The converse is true in times of high demand. The markets, in essence, dictate the prices the timber harvesters pay for wood (stumpage).

A new, positive factor in the regional economy has been the advent of the Native corporations, for-profit businesses that have extended into logging on a big scale. Under land entitlements from the Alaska Native Claims Settlement Act (1971) they received over 500,000 acres from the Tongass, mostly prime timber lands. During four of the last five years, the harvests on these private timber lands have exceeded those on the national forest.

"Without logging, a lot of the people in this community and businesses in the area would go belly up," said Gordon James, a commercial fisherman and a member of the Shaan Seet Corporation, the native corporation based in the Prince of Wales Island town of Craig.

"Logging has changed our standard of living. To be honest, we're enjoying



it. We enjoy having the better things in life. We like to go on vacation like everybody else does. We like to have a nice home. We like to have a nice car. Logging is doing that for us." James said. "We've gotten away from welfare. We've gotten away from unemployment and we'd like to continue doing that."

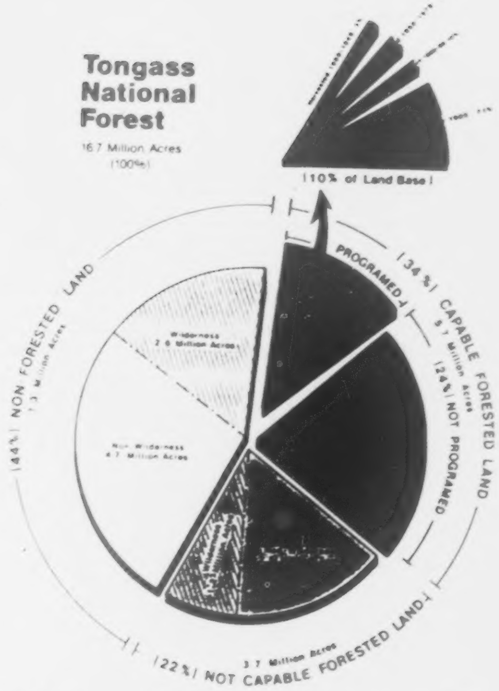
Environmental Perspective

The environment is a major theme today. It is here to stay. Any resource-based industry that does not place value in the environment does not have much faith in its own future. The environmental movement, much like the movement to save the Tongass, has found its way into the hearts of many writers and publishers. They have published stories to assist this new *cause celebre*. They have rung the right bells, pushed the right emotional buttons and have created ire in many who believe what they read. The Tongass has become a rallying cry for environmental organizations.

I'm asking you to act now or say goodbye to the Alaskan wilderness. That's right. Say goodbye to the Alaska we have known and dreamed about. A land of unparalleled beauty—towering mountains, tide-ripped straits, sapphire blue inland seas, steep-walled fjords, lush forests, abundant wildlife ... today federal and state agencies, working hand-in-hand with greedy profiteers have launched a new assault on the Alaska wilderness. (Sierra Club Legal Defense Fund promotional letter, 1988)

Those words can make sensible Americans mad. They also make the natural resource users fume. Unfortunately, too many readers believe those statements without benefit of hearing another side of the story. Many readers and writers, in their fervor to preserve Alaska, are quick to jump to

***Overview.** There are no endangered animal species in the Tongass (note second growth clearcut in background). **Above.** A pulp mill at Sitka—the annual timber payroll in Southeast Alaska is $110 million. **Left.** Loggers enjoy competition and diversion from a hard life. Those who work in the industry are quick to point out sawn wood and pulp from the Tongass make thousands of products in our everyday world and that export of timber products helps improve the balance of trade.*



When the cutting was done from ANILCA, the commercial timber base of the Tongass was greatly diminished. Today some propose to add more wilderness and tear up government contracts.

CHART: U.S. FOREST SERVICE

conclusions to judge Alaskan resource developers and government agencies as bad guys, as wasters, as fraudulent. Gov. Steve Cowper (D-Alaska) has called for compromise on the issue. He said the national environmental organizations might not want the issue of the Tongass to subside, possibly keeping it alive to help raise funds.

In cooperation with the American theme to preserve parts of America, Congress in 1980 set aside a chunk of Alaska as big as California—as wilderness, national parks, wildlife refuges and reserves, wild and scenic rivers—saying those lands are now in the national heritage for all future generations to enjoy and are off limits to development. Alaska now supports 75 percent of America's total wilderness base. It is also a huge reservoir of diverse lands not in the wilderness bank. That same legislation put 5.7 million acres or one third of the Tongass and another 2.7 million acres of Southeast National Park into wilderness.

Unfortunately, the long—and hard-fought—bill passed in the waning moments of the 1980 Congress didn't deal with small wilderness areas in Southeast. It dealt out wilderness on the wholesale level in creation of some 14 National Forest wilderness areas and two national monuments, some of ecosystem proportions: Misty Fjords (2,200,000 acres), Admiralty Island (900,000), Tracy Arm (656,000), Stikine-LeConte (443,000), Russell Fjord (307,000), South Baranof (300,000), West Chichagof (265,000) and several others in the 100,000 acre class.

After passage, Southeast Alaska environmental groups felt strongly that many smaller special and sensitive areas would be taken for logging. Now, eight years later, they seek additional lands that reflect less national and more regional desires set aside in moratorium from development. They have a list of 19 new areas, averaging about 90,000 acres each. They have found the support of the U.S. Congress in HR 1516.

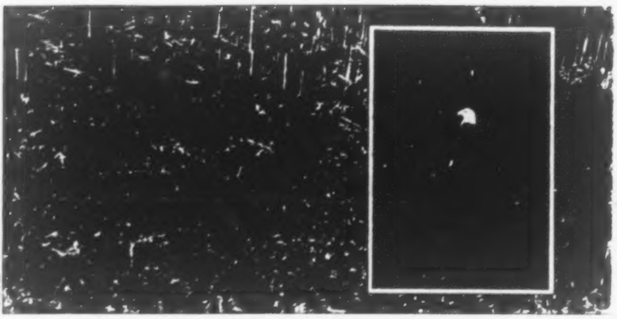
Their wilderness wish list includes some lands that are in the areas scheduled for road development and timber harvest. The timber harvesters are not against the new areas being placed into moratorium. They are willing to back off if the remaining land can be reallocated to support the existing level of jobs and harvest. But they feel they are being backed further into a corner.

The Southeast Alaska Conservation Council, a coalition of environmental groups throughout the region encompassing the Tongass, says it "wants a viable timber industry, just like most other Alaskans, but it must be truly sustainable and compatible with commercial fishing and tourism . . . and with subsistence."

"We also think yearly congressional review of Forest Service spending is good public policy that won't hurt justifiable timber projects," according to Bart Koehler, the group's exec. director.

In 1980, with passage of ANILCA, Congress made the Tongass different from every other national forest. In Section 703 of the Act, it created 5.7 million acres of wilderness and compensated an industry to help it maintain the existing harvest and thus the job level of 1980. During the mark-up sessions of the legislation, maintaining the job level was an important issue to both sides.

"[ANILCA] created so much wilderness on the forest that the non-wilderness lands which remained open to timber harvest could not support the then existing level of jobs on a sustained yield basis. Section 705 of ANILCA was based on an alternative recommended by the regional forester to resolve the problem. His idea was to use intensive management monies to



Mild temperatures and abundant rainfall allow harvested areas to naturally reseed and rapidly regenerate in the Tongass. Inset: An estimated 12,000 Bald Eagles reside in Southeast Alaska.
Below: Forest products towed through the Tongass Narrows.

harvest areas of less commercial value," said Jim Clark, attorney for the Alaska Loggers Association.

A section of the bill also locked-in an annual Forest Service appropriation of "at least $40,000,000 annually or as much as ... is necessary to maintain the timber supply from the Tongass National Forest to dependent industry at the rate of 4.5 billion board feet per decade." These two stipulations, the funding and the harvest amount, made the Tongass National Forest like no other.

The figure 4.5 billion may sound like a huge number of board feet, but that allowable harvest is the amount of public timber taken from Washington and Oregon national forests in one year, not ten years. Although those two states' national forests are one third larger than the Tongass, their harvest rate is seven times what is taken out of the Tongass under a plan of 4.5 billion board feet per decade. Regional forester Mike Barton said the Tongass, if managed only for trees, could yield 1.1 billion board feet of timber in one year, three times what is harvested.

How did Congress arrive at the $40 million funding and the harvest level of 4.5 billion board feet per decade, or 450 million board feet per year? The 450 million figure was the amount of timber the Tongass was capable of sustaining, as estimated by the Forest Service. This is actually 70 million board feet less than the 1970-77 average of 520 million board feet per year. (Under terms of the long-term contracts, the two timber companies are guaranteed a combined total of 300 million board feet per year. The difference between this number and the total Tongass allowable harvest of the 450 million board foot amount goes to all bidders, including 80 million for small businesses.)

The $40 million figure included the entire Forest Service timber harvest budget for the Tongass of $23.5 million (1978 level), plus $11.7 million for added investments and an inflation factor to bring the total to $40 million. These added investments included investments in roads, thinning, advanced logging technology to help lower the cost of the marginal timber and to achieve a supply average of 450 million board feet. This was viewed as compensation for more productive lands going into wilderness. It should be remembered the "450" level is not a mandated level of harvest. The real harvest level is mandated by supply and demand of forest products, but cannot average more than 450 million board feet per year. From 1982-88, the average timber harvest from the Tongass has been a little over 300 million board feet per year.

This so-called subsidy to the timber industry, various pro-industry groups counter, is a misnomer. They say the few million dollars being spent on added investments is as much a subsidy for Southeast wilderness, as agreed to by Congress in 1980. When one considers the 3000 direct and indirect timber jobs and the payrolls, plus their income taxes going to the national treasury, the figure seems to be well spent. Environmental group spokespersons and others say the 1980 Act was never a compromise and that a deal that was a deal has gone sour and should be amended.

Why does Washington shell out $50 million annually to chop down towering Sitka spruce trees in an ecologically fragile Alaskan wilderness? ... It's wrong to degrade this irreplaceable national treasure; it's a scandal to do so at taxpayer's expense. (New York Times editorial, 1988)

The negative magazine articles and newspaper editorials speak about logging in terms of "destruction" and "devastation," not of its renewability. The titles of these pieces strike deep: "Paradise in Peril" (*Life, 1987*), "Ending the Rape of the Tongass" (*New York Times, 1988*), "The Forest Service Follies" (*Sports Illustrated, 1988*), "Trashing the Tongass" (*Audubon, 1987*). These articles have been strewn

with many inaccuracies, much out-of-date information, loaded statements and misstatements that the timber industry, Alaskan congressmen, Alaskan newspaper editors, Alaskan legislators, forest service officials, resource consultants and forest products associations have denounced. These rebuttals come days or weeks later, after the damage the publication has done.

Lew Williams, Jr., has been around newspapers and Southeast Alaska for over 50 years. As publisher of the Ketchikan Daily News, he feels helpless in his battle of making the feelings of Southeast Alaska known and of getting the straight facts into print. He has been tracking the major newspaper editorials and notes that once the Wilderness Society issues a press release, a few days later major newspapers begin cranking out Tongass reform editorials.

"The legislation and the editorials are unfair to Alaskans because they make us look like greedy rip-off artists," Williams wrote in an editorial. "They're unfair to all Americans because they destroy a farsighted, responsible plan for use of natural resources to everyone's benefit, especially that of future generations."

Compromise on the Tongass

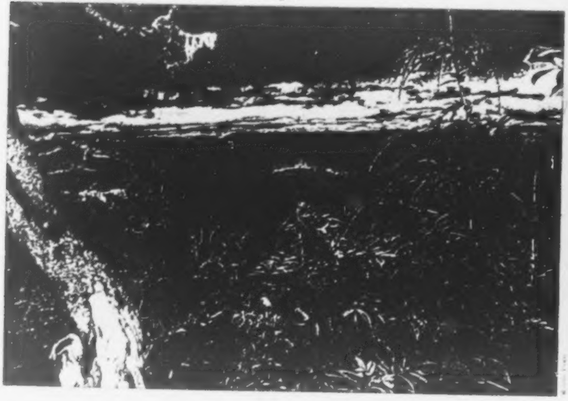
Time after time, the Alaskan timber companies and organizations claim their biggest desire is to have enough timber available to keep the doors of their sawmills and pulp mills open. They want the promised maximum levels of timber harvest left intact, especially to take advantage of good market conditions like those in 1988 and expected in 1989. The amount of wilderness or deferred lands is irrelevant to these companies, except when that wilderness erodes the timber base and threatens their jobs and operations.

Alaska Rep. Don Young said, "There is little doubt that legislation will be introduced (in the 101st Congress) which will severely curtail the timber industry in the Tongass National Forest. I will oppose any one-sided legislation that does not address the concerns of the timber industry and will continue to seek compromise on this important issue."

In 1988, during committee mark-up of the Tongass bill, Young tried to substitute a compromise bill. It was a serious bill and was defeated. It had provisions for monitoring road expenditures. It would make clear that the Forest Service set harvest levels based upon market demand, rather than the "450" level. Young's substitute required the Forest Service to go before the Appropriations Committees of Congress for capital expenditures. Young fought hard and his bill failed.

Another idea offered by the industry

Below: View of Sitka Sound. Right: Rainfall is measured in feet within the Tongass (9 to 13 feet per year), creating a rain forest of incredible sights.



Rollo Pool

Alaska Loggers Assn.

***Top:* Floating log camp eliminates need to disturb ground for permanent structures. *Above:* Competition is as important to loggers as their daily work. *Below:* Log raft on its way to Wrangell.**

is a land swap timber lands for wilderness. They propose that any acreage taken from the existing timber base be exchanged with land now in wilderness, on board foot by board foot basis. The environmental community has been reluctant to go along.

There is a common denominator in all the controversy. Nearly all agree that timber is important to the regional economic picture, that diversification of the economy is important, that logging is acceptable if it doesn't preclude other uses in the forest, that "wise resource use" is the best prescription for the land. The problem has been that the doctors who have been writing the prescriptions for "wise use" haven't been able to look at the big picture, just their own special interest, like logging or wilderness or subsistence or fisheries.

What is needed are rational people with rational ideas to sort the truth from the emotion, the facts from the misstatements and fluff and, more importantly, to come up with a consensus. There seems to be no one in the middle calling for moderation and compromise. The Tongass Land Management Use Plan may be such a vehicle of compromise, but its findings, suggestions, and alternatives may not see the light of Congress before sweeping legislation comes.

Rollo Pool

Senator BUMPERS. Senator Murkowski, let me say at this point, we have a very tight schedule. We have been here for an hour and twenty minutes. I think you will agree that I have been extremely patient and courteous and leaned over backwards to be fair on this Tongass legislation both last year and as I intend to be this year.

I know how strongly you and Senator Stevens both feel about this, and Congressman Young has now joined us and we welcome you, Congressman Young, but we are going to have to now move this hearing along, and I am going to have to make some decisions I would rather not make about questioning and so on, and I am going to even ask Senator Wirth, who feels just as strongly on the other side, if he will cut his opening statement, and Senator Burns to cut his opening statement, and make them as short as possible.

We have people who have come down here from Alaska who may not be able to be heard today, and while I am chairman of this subcommittee, time constraints are tough around here. There are three other subcommittees I am supposed to be in right now, plus the full Appropriations Committee at 11:00 a.m., so without belaboring it further I am going to say, we are going to have to move this hearing along.

I am going to do my very best to get these hearings held. I have tried to accommodate you, Senator Murkowski by either going to Alaska or letting Senator Wirth go to Alaska and making sure those people are heard, but I am going to insist that we move this legislation either for or against, or some form of a compromise this year. I am quite frankly saying, we have had this legislation around a long time now, and it is time we get these hearings held and get the mark up and find out where the votes are.

Senator MURKOWSKI. I would be happy to help you chair if there is any question about your time commitments.

Senator BUMPERS. I appreciate that. Senator Wirth?

Senator WIRTH. I appreciate your holding this hearing and wanting to move it along, and would ask unanimous consent that my opening statement and the statement that I made in the introduction of the legislation be included.

Senator BUMPERS. Let me do something before I forget it. Senator Johnston gave me a statement, and without objection I am going to enter that statement in the record, along with a statement from Senator Wallop and Congressman Mrazek.

[The statements follow:]

STATEMENT BY THE HONORABLE J. BENNETT JOHNSTON

This Committee has been involved with the Tongass National Forest for many years. Debate over Alaska Statehood, the Alaska Native Claims Settlement Act, the Alaska National Interests Lands Conservation Act, (ANILCA), and more recently budget reconciliation have all considered issues directly affecting the management of the Tongass.

Last Congress, during consideration of budget reconciliation, the Energy and Natural Resources Committee included an amendment to ANILCA, which made the $40,000,000 Tongass Timber Supply Fund subject to the regular appropriations process for FY 1988 and FY 1989. The ANILCA amendment was eventually enacted as part of the reconciliation measure. At the end of FY 1989, the Tongass Timber Supply Fund will return to being a direct appropriation of at least $40 million.

The Energy Committee amendment changed only the direct spending provision of ANILCA. Discussion on the amendment centered on budget savings the Committee would receive as scored by CBO, not the merits of the Timber Supply Fund or harvesting timber on the forest. Report language accompanying the reconciliation bills stated clearly that the Committee amendment "does not constitute an expression by the Committee for or against legislation concerning Section 705 of ANILCA."

I supported the Committee's amendment to ANILCA because of its budget savings, but have refrained from taking any position on more expansive reform legislation until I have had the opportunity to fully consider the issues involved. I have also pledged that the full Committee will not take up Tongass reform legislation until after the Subcommittee on Public Lands, National Parks and Forests has held hearings in Alaska. I believe that the people of Alaska deserve an opportunity to go on record regarding legislation which ~~will undoubtedly~~ affects them. ~~I understand that~~ The Subcommittee staff is working on setting up hearings later this spring.

I would like to take this opportunity to welcome all the witnesses who will be testifying today and look forward to their testimony.

Malcolm Wallop

STATEMENT BY THE HONORABLE MALCOLM WALLOP

on

S. 237, A BILL TO REFORM THE TONGASS TIMBER SUPPLY FUND

and

S. 346, THE TONGASS TIMBER REFORM ACT

Tuesday, February 28, 1989

MR. CHAIRMAN, TODAY WE WILL HEAR TESTIMONY ON TWO BILLS RELATED TO THE TONGASS NATIONAL FOREST. ONE INTRODUCED BY SENATORS MURKOWSKI AND STEVENS DEALS NARROWLY WITH THE PROVISIONS OF ANILCA REGARDING THE TONGASS TIMBER SUPPLY FUND. THE OTHER, INTRODUCED BY SENATOR WIRTH, DEALS NOT ONLY WITH THE FUND, BUT WITH CONTRACT CANCELLATION AND CLOSURE OF CERTAIN AREAS TOTALLING SOME 2 MILLION ACRES TO MULTIPLE USE MANAGEMENT.

THE RATIONALE FOR DEALING WITH ISSUES INVOLVING CONTRACT CANCELLATIONS AND LAND SET-ASIDES ELUDES ME.

LIKE THE RESOURCES ON OTHER NATIONAL FORESTS, THE MULTIPLE RESOURCES ON THE TONGASS HAVE EXPERIENCED INCREASES IN DEMAND FOR MANY NON-TIMBER USES. THE ADDITIONAL SUBSISTENCE LIFESTYLES FOR NATIVE AMERICAN AND RURAL ALASKA POPULATIONS NEEDS TO BE PROTECTED. THE ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT WAS PASSED TO HELP PROTECT ALL THE RESOURCES OF THIS REGION.

THE TONGASS NATIONAL FOREST, UNDER THE NATIONAL FOREST MANAGEMENT ACT, WAS THE FIRST AREA IN THE SYSTEM TO IMPLEMENT A LAND MANAGEMENT PLAN. THE PLAN WAS CLOSELY REVIEWED BY CONGRESS PRIOR TO THE PASSAGE OF ANILCA.

THE PLAN CLEARLY DOCUMENTS THAT ADDED INVESTMENTS OF TONGASS TIMBER SUPPLY FUNDS WERE INCREASED COSTS THAT WOULD NOT BE OFFSET BY INCREASED RECEIPTS TO THE TREASURY.

TODAY, THE TONGASS LAND MANAGEMENT PLAN IS SCHEDULED FOR REVISION. THE FOREST SERVICE HAS ALREADY SPENT APPROXIMATELY 5 MILLION DOLLARS TOWARD THIS ENDEAVOR, AND A FIRST DRAFT IS DUE THIS DECEMBER.

THIS COMMITTEE SHOULD NOT RUSH TO JUDGEMENT ON LAND ALLOCATIONS IN THE TONGASS WHEN A FEDERAL AGENCY HAS ALREADY BEEN CHARGED WITH THE RESPONSIBILITY TO SORT OUT THE CONFLICTING CLAIMS TO THE RESOURCES. THIS PROCESS IS THE APPROPRIATE WAY TO IDENTIFY NECESSARY CHANGES TO THE SPECIAL TONGASS PROVISIONS.

I AM VERY CONCERNED WITH THE NEGATIVE PRECEDENT THAT CONGRESSIONAL INTERVENTION AT THIS TIME WOULD SET FOR LAND MANAGEMENT PLANNING ON THE REMAINING 155 NATIONAL FORESTS.

ADOPTION OF THE BILL INTRODUCED BY SENATORS MURKOWSKI AND STEVENS MAKES THE TONGASS SUBJECT TO THE ANNUAL APPROPRIATIONS PROCESS. I REPEAT, MULTIPLE USE ALLOCATION DECISIONS SHOULD BE LEFT TO THE PUBLIC LAND USE PLANNING PROCESS.

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

ROBERT J. MRAZEK

COMMITTEE ON
APPROPRIATIONS
WHIP AT LARGE

Testimony of Robert J. Mrazek

Committee on Energy and Natural Resources

Subcommittee on Public Lands,
National Parks and Forests

February 28, 1989

Mr. Chairman. I appreciate the opportunity to testify in favor of S. 346, companion legislation to H.R. 987, the Tongass Timber Reform Act. I have reintroduced this bill with the support of over 100 of my colleagues. This comprehensive reform package will enable prudent management of our nation's largest national forest, will save the American taxpayer billions of dollars and will preserve an ecosystem of incalculable value.

Last July, the House sent a strong message to the U.S. Forest Service (USFS) and the two major timber operators in the Tongass by passing H.R. 1516 by an overwhelming margin of 361-47. Members voted to significantly reduce the federal deficit and to protect one of the last rain forests in the world's temperate latitudes at the same time.

The Tongass is home to the greatest concentration of bald eagles and grizzly bears in the world. Its streams provide the spawning grounds for salmon that is vital to the economy of Alaska. Perhaps more important to the future of the State's economy is the rapidly growing number of tourists who come to the Tongass to experience its spectacular wilderness. As John Muir described it more than 100 years ago, "the Tongass is a place of endless rhythm and beauty".

In addition to the need to manage this forest in an environmentally sound way, we must change policy in order to end the loss of taxpayer dollars. The USFS is wasting tens of millions of taxpayer dollars each year on a timber program that cannot accomplish its stated goal of preserving timber industry jobs.

During years of strongest timber demand and prior to the passage of the Alaska National Interest Lands Conservation Act (ANILCA), the USFS lost millions of dollars selling timber from the Tongass. Because of the deteriorated market conditions and high levels of USFS spending since Congress handed the Tongass timber program an open-ended permanent appropriation, a virtual blank check, taxpayer losses have skyrocketed.

Net Tongass timber-program receipts and expenditures for 1977 through 1986 are negative over the entire ten-year period, resulting in a total loss of more than $360 million. In fact, annual net receipts are consistently negative even if one completely ignores the timber program's capital costs, such as roads, bridges and facilities. In fact, the Tongass timber program lost 91 cents on every taxpayer dollar spent in 1983 and 93 cents in 1984. In

1985 and 1986, taxpayer losses were maximized at more than 99 cents on the dollar.

Unfortunately, even the USFS's reports to Congress affirm the sad fact that the annual dollar amount of these losses is bound to grow over time. Because of chronically weak markets for southeast Alaska's timber products and the fact that future harvests will have to rely on less accessible, less valuable stands, the worst losses loom ahead for the taxpayer.

The USFS continues to commit the best portions of the Tongass' rare old-growth forest to logging, stating a need to maintain timber industry jobs. However, in spite of increasing timber program expenditues, regional timber industry employment has fallen sharply--from more than 3,000 in 1980 to less than 1,800 in 1986. Although a recent boom in the market due to the strong Japanese yen has increased employment, the boom and bust cycle of the pulp mill industry is sure to continue. In the long term, community stability is best enhanced by a competitive industry producing value-added products.

Finally, the federal timber program places at risk a large number of jobs in southeast Alaska that ultimately depend on the preservation of more forest areas on the Tongass. This is particularly true for jobs in the fishing and tourism sectors of the economy. These sectors, which provide more than twice as many jobs as the timber industry, depend on natural resources that can be sustained in perpetuity. The southeast Alaska timber industry, on the other hand, is dependent on the one-time harvest of high-volume, old-growth timber that, for practical purposes, is non-renewable. This fact makes a continued decline of timber industry jobs inevitable. (In 1987, as much as 40 percent of the Tongass timber jobs were filled by seasonal employment from the lower-48 states.) Presently, federal timber program losses translate into an annual cost of more than $24,000 per job in logging and mill work.

The unique qualities that make the Tongass an important resource for the nation are threatened by the federal timber program and, particularly, by the USFS's interpretation of ANILCA. Section 705, included as part of a broad amendment package prior to Senate passage of the act, contains three provisions that are environmentally and economically unsound.

First, Section 705 sets a goal of supplying 4.5-billion board feet of timber per decade from the Tongass to "dependent industry." Second, it provides an open-ended appropriation of "at least $40-million annually or as much as the Secretary of Agriculture finds is necessary" to enable the USFS to achieve the timber supply goal. Unlike virtually all other federal expenditures, including expenditures for national defense, these funds are not subject to deferral or rescission by the administration, nor are they subject to the annual appropriations process in Congress. Finally, the section exempts the Tongass from an important reform of the National Forest Management Act of 1976 that requires the Secretary of Agriculture to identify national forest lands that are economically and physically unsuited for timber production.

Section 705 is an anomaly in national forest management, designed expecially for the Tongass. In essence, it ratified a series of unproven economic assumptions in the USFS's 1979 Tongass Land Management Plan (TLMP) aimed at preserving the regional timber industry. The existing pulp and sawmills in southeast Alaska were built as a direct result of efforts by the

USFS to establish a major timber industry in the region. The TLMP and Section 705 represent an ongoing attempt to sustain the timber economy created by those earlier efforts.

In ANILCA, Congress recognized the inherent tension between logging on the Tongass and other important goals such as the preservation of wilderness, wildlife, and fish resources. Congress further recognized that economic and environmental factors change over time. For these reasons, Section 705(b) of ANILCA requires the USFS to report to Congress by the fifth anniversary of the act, and every two years thereafter, on the status of the Tongass.

As the 1985 Section 706(b) report conclusively demonstrates, Section 705 will continue to result in the taxpayer loses approaching 99 cents on every dollar spent growing and selling trees on the Tongass. Moreover, because the economic assumptions upon which the law was based have proven to be totally in error, it is apparent that the law must be changed to reflect current circumstances and national fiscal priorities.

Since ANILCA, the agency has had a history of preparing sales without regard to demand. From 1980 through 1986, the USFS spent $287 million from its Tongass Timber Supply Fund to put about 2.8-billion board feet of timber on sale. Only about 1.5-billion board feet, or 53 percent, was sold. In fact, while the USFS offered 450-million board feet each each year, the annual average timber harvest from 1980 to 1988 has been only 285 million board feet. Even a recent General Accounting Office report recommends that Congress "revise the 4.5 billion board feet per decade requirement" so that timber goals can be set through the land management process--as they are on every other national forest.

The USFS should limit the preparation of new sales each year to volumes based on anticipated demand for sale offerings and estimated backlogs of prepared sale offerings. The agency should include estimated backlogs and projected demand levels in the annual supply and demand reports to Congress that are required by ANILCA. The Tongass Timber Reform Act requires the USFS to justify expenditures each year so that the Appropriations Committee can determine the appropriate level of funding.

The second component of the Tongass Timber Reform Act will put all purchases of timber from Alaska's national forests on an equal footing by terminating 50-year timber sale contracts in the state of Alaska and replacing them with a system of short-term timber sales used in all other national forests. I believe this bill will return to the USFS full control of management of our nation's largest forest. In addition, this bill will, for the first time, make balanced multiple-use management of the Tongass possible.

Since the Tongass became a national forest in the early part of the century, the USFS has pursued a unique experiment designed to foster the development of a large-scale pulp mill industry in southeast Alaska. The purpose was to stabilize the local economy, promote industrial expansion, provide local jobs, further the development of the state of Alaska and to settle part of the last frontier. To attract pulp mills to southeast Alaska, a remote and economically forbidding region, the USFS offered unprecedented long-term timber contracts to potential bidders in the 1950's. The terms of these contracts give the purchasers virtually unfettered control over the national forest, sole access to a huge portion of the annual allowable timber harvest, and great competitive advantages that amount to monopoly power in the local market. They effectively commit two-thirds of the commercial forest land to the exclusive use of the mills. While these contracts may have served a purpose in the 1950's when they were signed, they no longer make sense.

In fact, Alaskan long-term timber contracts have interfered with normal free market mechanisms and are barriers to competition. For example, timber contracts have been used to manipulate the market and to eliminate competition. In a case entitled Reid Bros. Logging against Ketchikan Pulp Company (No. C75-165SR W.D. Washington 1981), two decades of antitrust violations by the contract holders, under sections 1 and 2 of the Sherman Act, were found to have resulted in the elimination of existing independent mills and the payment of artificially low prices to loggers, thus eliminating the independent businessmen. In addition, the holders of these contracts continue to pay only an average of $2.00 per thousand board feet where average rates for independent operators are approximately $40.00 per thousand board feet.

Alaskan long-term timber contracts also antedate all major environmental and resources management laws pertaining to the national forests, including the Multiple-Use and Sustained-Yield Act of 1960, the Wilderness Act of 1964, the National Environmental Policy Act of 1969, and the National Forest Management Act of 1976. These laws have never been fully implemented for the Tongass. As a result, the existence of these long-term timber contracts impairs the ability of the United States, the state of Alaska, and other responsible parties to properly manage nontimber resources in Alaska.

It is important to realize that the termination of these contracts will not impede any timber operator in any way from competing for timber supplies from national forests located in Alaska. In fact, this bill will enhance competition within the timber industry. A 1987 Congressional Research Service report concluded that no compensation would likely be required. If by chance compensation was required, the report placed it between $21 million and $150 million, with the low figure most reasonable. Even counting compensation, millions would still be saved every year from less subsidies, enhanced industry competition and more efficient forest management. I strongly believe the contracts have ceased to further their original goals and their continued existence damages other Alaskan industries dependent on access to natural resources.

Finally, in H.R. 987, 23 areas are selected for protection having exceptional values for fish, wildlife, recreation, subsistence hunting and fishing, and scientific research. They are areas of high-volume old-growth forest, portions of the Tongass' rainforest with trees 200 to 800 years old, which provides essential habitat for deer, grizzly bear, bald eagles and other wildlife. This special forest occurs primarily along rivers and streams where clear-cutting leads to erosion, siltation and other degradation of salmon habitat.

Since 1950, more than half of the highest-volume old-growth forest on the Tongass has been logged. Less than five-percent of this habitat is protected in wilderness. By the USFS's own rating system, 70-percent of the high value wildlife areas and 72-percent of the high value fishery areas lie outside the Tongass' designated wilderness areas--and are subject to whatever management the forest plan prescribes for them.

With the help of local communities, 23 areas have been identified as areas of special environmental value. The list includes areas nominated by the Alaska Department of Fish and Game, the United Fishermen of Alaska, the Sealaska Corporation (the Native regional corporation), the Southeast Alaska Conservation Council and southeast Alaska communities as deserving protection from logging. Four areas were voted by the House as wilderness in 1979, two areas were recommended by the USFS for wilderness, seven areas were identified by the Senate Energy Committees as "special management areas." It is my hope that this committee will consider these areas for permanent protection, as in the House bill.

The Tongass National Forest is one of the last significant stands of temperate rain forest left in the Northern hemisphere. That the American taxpayer should be asked to subsidize the destruction of this magnificent national treasure is ridiculous.

STATEMENT OF HON. TIMOTHY E. WIRTH, U.S. SENATOR FROM COLORADO

Senator WIRTH. Very briefly, what I am attempting to do, Mr. Chairman, along with 20 or 25 other members of the United States Senate who have sponsored this legislation is simply to treat the Tongass National Forest like we would treat any other national forest.

The purpose is to eliminate the $40 million permanent appropriation, which I welcome Senator Murkowski's agreeing to eliminate; to eliminate the mandatory timber goal of 4.5 billion board feet over a decade; to eliminate the two 50-year contracts; and simply to treat this forest as we do any other forest.

Now the argument can be made that we are breaching contracts, and we have to look at that. As I read the record and listened to an enormous amount of testimony last year and the year before, I think the argument can be made that there are adequate grounds for the breach of contract by the two companies involved, and there are public interest reasons as well for getting rid of these two contracts.

Another issue that is raised is that this was a compromise that was reached and a deal was reached. It seems to me that the Congress cannot commit future Congresses, one, but more importantly we make mistakes. We have got to recognize those mistakes and go back and correct them.

This is not an inviolate piece of legislation, ANILCA, and it certainly was not when Senator Murkowski and others introduced S. 49 which was going to change areas designated as parks into preserves which would allow hunting. That was a change in ANILCA. That was part of the deal.

The Congress passed an amendment to ANILCA last year that gave the State of Alaska thousands of acres of additional lands claims. That was a change in ANILCA which had been part of the deal.

The bill to open the Arctic Refuge, which we are going to be debating for a long time this year and next is a change in ANILCA, that was part of the deal. Congress passed a law last year, as I remember it, to allow a road into the Red Dog Mine. That was a change in ANILCA, which had been part of the deal.

So let us not get ourselves hung up by the fact that this is an inviolate deal. I just cited four that I can think of right away where changes in ANILCA were offered.

Finally, Mr. Chairman, much has been made of the rain forest issue, and should be made of the rain forest and global warming issue. Whether or not the cutting of the Tongass and the burning of that timber results in global warming can be debated one way or another, it depends on what you do with the wood.

If that wood is turned into pulp, then in fact the product of that wood becomes in large part carbon dioxide and that goes up into the atmosphere. If the timber results in the building of houses, that maintains its carbon content and does not go up. So about half of it goes, apparently, into a pulp and half of it into timber.

I think a more compelling argument, Mr. Chairman, is the position that we take in the United States. How can we say to the Brazilians that we want to work with them so they do not tear down the rain forest in the Amazon when in fact what we are doing in Alaska is to tear down the last great rain forest in North America?

Not only tearing it down, but tearing it down at taxpayers' expense, and tearing it down with most of the product going overseas to Japan. I just think that the American taxpayers are not going to stand for that and I do not see what our moral suasion is in working with the rest of the world if we are going to be behaving in that way.

These arguments have been made over and over again, Mr. Chairman. I am glad we are having this hearing. I think it is very important, and I want to just have those as a summary argument. We can go back and forth on those.

I look forward to the witnesses and thank them all very much for coming such a long distance. Thank you, Mr. Chairman.

Senator BUMPERS. Thank you. Senator Burns?

STATEMENT OF HON. CONRAD BURNS, U.S. SENATOR FROM MONTANA

Senator BURNS. Thank you, Mr. Chairman. I have a short statement that I will enter into the record, and in order to give where the people in Montana are coming from. Mr. Chairman, neither of these two Tongass bills directly affect the citizens of Montana. However, I am concerned that what comes from these proceedings does not create a precedence that will negatively affect Montana interest. We, too, are a state that has a large amount of federal lands.

I believe we should continue to support the planning process mandated in the Forest Management Act of 1976. I want to make that point very clear. That will assure that our forests are managed with the appropriate balance of multiple use, where the demands of all competing interests are considered in the public process.

This will pressure Forest Service decision-makers to develop a balanced, long-term utilization plan which meets the equally important objectives of development, recreation, and conservation.

To this end, I am concerned that S. 346 is proposing a deviation from that planning process, a problem that it purportedly is attempting to correct in ANILCA. I will agree that the present Tongass land allocations are not the result of FMA planning provisions either, but they are not intended to be. It is the result of a difficult compromise that prescribes dominant uses.

Without the 4.5 billion board feet per decade commitment we would not have the 5.5 million acres of wilderness, much of which is suitable, accessible timber land. I cannot support the perceived correction in the ANILCA agreement by prescribing another 1.8 million acres to be managed with priority to the protection of fish, wildlife and watershed recreation, cultural, biological diversity or old growth.

What about using the Forest Service planning process in this case? If we are to prescribe additional restrictions on the land still available for timber management activities, maybe we should revisit the designation of wilderness. Should we not let the forest planning process look at the appropriate allocations for those lands, too?

The real issue before this committee, in my opinion, is what can we do to assure that federal funding for multi-use management in the Tongass is expended wisely? We do not need to prescribe micromanagement, and we do not need to withdraw additional lands from timber base to accomplish that objective. The real issue is increasing permanent wilderness or undeveloped areas in the Tongass and not the budget, and I want to know about that up front, when we start into these hearings.

Thank you.

Senator BUMPERS. Thank you.

Senator Murkowski.

Senator MURKOWSKI. Just for the record for Senator Wirth's benefit, the Tongass is not burned.

Senator BUMPERS. Thank you.

Senator WIRTH. I was not suggesting if I might, that the Tongass was burned. The product coming out of the Tongass becomes pulp and paper and as it is burned or decomposes, that carbon goes up into the atmosphere. If, in fact, the trees are used as logs, then the carbon is maintained there. It depends on what happens to the product coming out of the Tongass.

Senator MURKOWSKI. I wanted to make sure that he understood that it was not what they were doing in South America where they burned the slash and the timber. We do not burn any of our timber or slash.

Senator BUMPERS. Congressman Young.

STATEMENT OF HON. DON YOUNG, U.S. REPRESENTATIVE FROM ALASKA

Mr. YOUNG. Mr. Chairman, in deference to your comments and to the witnesses that have traveled far from Alaska, I will submit my written statement. I apologize to my staff who have written an excellent statement. I hope you have time to read it. Unfortunately your time is short.

Senator BUMPERS. Is there something in it that Senator Murkowski has not covered?

Mr. YOUNG. There are quite a few things.

Senator Wirth had the privilege of serving in the House, and I was happy to see him leave. Now I hear he is talking about burning the Tongass Forest. I hope he believes in recycling.

Pulp goes into medicine which does not burn. Pulp goes into papers which we recycle. Pulp does not go into the atmosphere. We will go into this later in scientific reports. This does not affect the hot house syndrome that he is speaking of. If there is any effect of the hot house syndrome, it is the hot air I hear coming from certain members of the committees on both sides of the aisle.

Mr. Chairman, I would suggest we talk about people. I have fought this battle since 1980—I believe 1976—and the legislation that Senator Murkowski and Senator Stevens have introduced, I believe the most realistic approach to this issue, the legislation introduced by Congressman Mrazek and the Senator from Colorado is the legislation that has been contrived, written, and promoted by the extreme preservations groups of this nation. They have no factual information to back up their legislation at all.

As Senator Murkowski has said about figures, sixteen and a half million acres, already five and half million acres of wilderness and the last rain forest, we talk about cutting 4.5 billion board feet over a decade.

My good Chairman, if you will recognize what is being cut in Washington and California, they cut 4.5 billion a year. If you go right down across our borders to Canada, they are putting in four new pulp mills in a rain forest. They are subsidizing those mills.

I am not saying what they are doing is correct. What I am saying, we are not harvesting the Tongass as we are being accused of in the Sports Illustrated Magazine, which knows nothing about timber, let alone swimsuits.

The second thing I may suggest, we are talking about American people, communities that have bonded themselves. As Senator Murkowski has said before, when there was a market downturn, those mills did not close.

I have had the privilege over my life of going to areas where mills have closed because of economic reasons where we have ghost towns such as Westwood, California. There are sixteen mills that have been closed in Washington, even with the cut they have. We are supposed to have five mills in southeast Alaska, and we have two.

What we were asking in 1980 at that time was to have a sustained yield of 4.5 billion to keep our communities solvent and stable and provide the opportunity for the young people of Alaska in that area. I think this is what this committee has to have, the facts and not the emotionalism. Look at what is occurring and do go to Alaska, but when you go to Alaska, do not do what some people do, because if you are not exposed to the timber practices and the timber industry itself and the natural reforestation, when you first see a cut, you will say my lord, it looks like I look after I have shaved after a bad night the next morning.

Let us look at the timber as it is after it has been harvested for a period of time and see the regrowth factor and the new timber that is being reproduced. Let us look at the mill as a total user of a tree, not as a detriment to the forest in southeast Alaska.

Let us look, yes, at the community of the environment in southeast Alaska. They do not support Mr. Wirth's bill. They do not support Mr. Mrazek's bill. This is the environmental community of southeast Alaska.

They want, in fact, some area set aside to protect their communities, and I can understand that. They want to make sure the spawning streams are set aside and, yes, I can understand that. However, they recognize the importance of that economic spoke of the timber industry in southeast Alaska.

What the Senator has done from Colorado is an extreme step, which would take and remove Alaskan people from supposedly the last rain forest, as promoted by the East Coast environmental community, which is wrong. It is unjust, it is incorrect, and I am suggesting to this committee that we have a long way to go.

My main goal in the House as the only Congressman from Alaska—and I have, very frankly, a big job cut out—I am going to get 139 votes. And if we come up with Mr. Wirth's bill or Mr. Mrazek's bill, I am going to suggest that is enough votes to have this legislation back before us next year.

Mr. Chairman, I want to solve this issue for the communities, but I also have to have the communities' employment. Last election, and I bring up the partisanship in this, I ran against the Mrazek bill in southeast Alaska, and I received 70 percent of the vote. That should tell you what the people of Alaska are thinking in southeast. And to have somebody from outside who knows nothing at all about this issue, start telling me that my people have to be put out of work and we are ruining the last rain forest and somehow this is connected with the Brazilian forest, is absolutely ludicrous.

Mr. Chairman, I hope that you read this statement and hope you take my words of what I have spoken to you in good faith, not as criticism of this committee. I commend you for it, but what is occurring by the special interest groups that know nothing of this issue, the conveyance of misinformation, in fact, dishonesty to the general public, is to me the worst case of legislative attempt that I have seen in my 17 years in the United States Congress.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Young follows:]

Statement of Representative Don Young
February 28, 1989
Senate Committee on Energy & Natural Resources
Subcommittee on Public Lands, National Parks & Forests

Mr. Chairman and Members of the Subcommittee:

As Alaska's only Representative in the House, I want to thank you for this opportunity to testify before your subcommittee about the future of the Tongass National Forest and the people who live there. Knowing that Members are concerned about what the people who live in an area affected by decisions made in Washington think about issues, I come to you today as the only statewide elected official in the 1988 election cycle -- a year in which the Tongass National Forest management was the number one issue of concern to residents of Southeast Alaska. By way of background, Congressman Mrazek's bill -- quite similar to one of the bills before you today -- was passed overwhelmingly last year by the House of Representatives against my strongest objections, after months of nonstop negotiations failed to produce a compromise acceptable to the various people to whom the word "Tongass" means much more than an article in Sports Illustrated. I ran on my strong opposition to Mr. Mrazek's legislation, which I felt would mean the ruin of the only year-round economy in Southeast Alaska, and the removal of the two largest manufacturing plants in the State of Alaska. On November 8, the people reelected me in my strongest showing in Southeast Alaska in some time, and with a larger margin than in any other part of Alaska. I'm just a river boat captain and a trapper, but I'm smart enough to know that my reelection means that the vast majority of people of Southeast Alaska are opposed to Mr. Mrazek's legislation and anything similar to it. They may be too busy to write letter after letter -- they're out working in the woods, or struggling to meet a payroll, or busting their butts to put food on the table and shoes on their childrens' feet and braces on their teeth -- but they're not too busy to vote. I know this, because if I based my decision about the Tongass on the mail I've received, I would be supporting Mr. Mrazek's bill. I know Alaskans, and I'm not.

I want to begin by inviting the Subcommittee to visit Alaska and meet some of the finest people you'll ever meet in one of the world's most beautiful spots. I hope your Committee will spend some time there, too. The Interior Committee went in 1987 and spent 3 days in an area the size of South Carolina. Those of you who know me or have served with me know that I would not make a decision that would directly affect over one-third of the economy of South Carolina without first looking to the representatives of that state, and I surely wouldn't do anything drastic based upon 3 days of overflights of the state. I guess I figure that's what the people elect Senators and Representatives for, and I'm just not confident enough about my knowledge of another state to get involved in their affairs -- hell, my people have problems that need solving that take all of my time, without me going around looking to solve other folk's problems. That's why I'm glad this panel is listening to me today.

I support the bill introduced by Senators Frank Murkowski and Ted Stevens to treat the Tongass National Forest like all other national forests in the annual appropriations process. Since December 2, 1980, when President Carter signed the Alaska Lands Act into law, I have been told by supporters of change on the Tongass that this was the major objection with management there. By placing the Tongass in the annual appropriations process, Congress can increase oversight, exercise funding discretion, and ensure that monies are being spent consistent with Congressional intent. There is a reason for the automatic funding, as Senator Stevens will tell you, but the constant harping on this point combined with deliberate misinformation spread by wilderness advocacy groups has made the defense of this provision burdensome and has by design, distracted many from the real truth about the Tongass. Frankly, we think we can compete for funding on the Tongass with other national forests. Congress has decided it wants an enormous forest in Southeast Alaska, and that is not without cost. If I buy a big house, I've got to consider maintenance costs, which will be higher for a big house. Likewise, Congress must understand that the public interest of having a huge National Forest carries with it the responsibility of properly funding its maintenance. To do less is to shirk our stewardship responsibility to the people of the United States.

With the adoption of the bill introduced by Senators Murkowski and Stevens, the Committee would be in a better position to exercise the proper oversight functions on the Tongass, without throwing the baby out with the bathwater, as some wilderness lobbying groups would have us do. In addition, the Committee would spare itself the time-consuming fancy footwork necessary for the slippery slope that will accompany forest management nationwide if Tongass legislation is adopted which rejects the planning process Congress set up for itself under the National Forest Management Act (NFMA) in 1976. Since the Tongass is the first forest undergoing review under that Act and all others must follow, a political decision in

Washington rejecting the planning process will signal to those who prefer political decisions that Washington is the place to do business, and the NFMA will be gutted for the forest system as a whole. Those who have been through the RARE I, RARE II, and Wilderness Release Language battles before can look forward to one more series of the same old battles, fought with the same old emotional claptrap we have all heard so many times before. Meanwhile, people who live in or near forests throughout the country will once again be held hostage to the political process----afraid to invest, to make business decisions, to make any long term plans---that is the case in Southeast Alaska today, and I don't wish it on anyone else.

In sum, I hope the Subcommittee will visit the Tongass and see for yourselves the progress Alaskans are making in making a living from our largest forest. Their jobs are not easy ones, but they work honestly and willingly. These people are truly the salt of the earth, and I am proud to be their congressman. I urge the Subcommittee to allow them to continue their way of life.

Senator BUMPERS. Thank you. I am going to ask the Senators to submit any questions you may have of Congressman Young in writing so we can move along here.

Our next witness, George Leonard, from the Forest Service. He is accompanied by Michael Barton.

George, if you will, I will ask you to summarize and perhaps we may even submit most of our questions to you in writing. Can you summarize your testimony?

Mr. LEONARD. Yes, I can. I will be glad to do that.

Senator BUMPERS. Your full statement will be submitted in the record.

STATEMENT OF GEORGE M. LEONARD, ASSOCIATE CHIEF, FOREST SERVICE, DEPARTMENT OF AGRICULTURE

Mr. LEONARD. As you indicated, the Tongass National Forest is a land of superlative beauty, abundant resources and wilderness, and it is certainly appropriate that substantial portions of that forest be set aside to maintain those resources in perpetuity. And this has been done.

The Tongass National Forest is also a land supporting some of the most productive forest land in the world, lands capable of sustaining harvested timber in perpetuity without adverse impact on other resources. It is appropriate to divert portions of this forest to sustained yield forest management, and this has been done.

The management of the Tongass National Forest under the concepts of multiple-use and sustained-yield is succeeding, but not without controversy. Inherent in the concept of multiple use, is the idea that the mix of uses will change over time and when you debate those changes and uses, it creates controversy, and this is what we are seeing in the hearing today. And particularly when people have strong feelings about the forest and when there are important economic interests involved, real controversy can be expected. It does not mean that the management is improper. It simply means that people want to talk about alternatives.

The ongoing debate on the Tongass is focused on several issues that I would like to address briefly. First there have been allegations that timber harvesting adversely affects the salmon fishery and deer habitat.

Mr. Chairman, research and long experience have demonstrated that well planned, properly administered harvesting need not be detrimental. Timber harvesting on the Tongass is being conducted so as to avoid adverse impacts to these resources. The success is demonstrated by the fact that both the salmon catch and deer harvesting have been at or near record levels in recent years.

There has been concern about the economics of the timber program on the Tongass. It was understood in 1979 that maintaining potential harvest levels following the designation of wilderness would require operations on some economically marginal areas. This is why the Tongass timber sale fund was established. But the economics of operating in the 1980s was more unfavorable than had been anticipated: A worldwide recession, competition from expanded harvests of native timber, and a very strong dollar severely curtailed the market for wood from the Tongass.

But that market situation has changed. There is a strong demand for Alaskan forest products today. That demand is being reflected in production levels, in prices, and in employment on the Tongass, all of which are at the highest levels since 1980. We believe the economic outlook for the decade of the nineties is very favorable.

A GAO report a couple of years ago concluded that the employment objectives of ANILCA were not being achieved, but that situation has changed. In fiscal year 1988 we estimate that the harvest of Tongass National Forest timber, not the native timber—resulted in about 3,400 direct, indirect and induced jobs in the dependent communities of southeast Alaska.

The strong demand for timber is being reflected in the payment for timber harvested. Revenue from timber harvest increased by 85 percent from 87 to 88. Now, it is true the program lost money in this period, but the loss in 1988 was only 19 percent of that experienced in 1987. We expect that revenues will exceed costs in 1989.

Much concern has focused on the two long-term contracts. Mr. Chairman, we have renegotiated the terms of the long-term contracts with Ketchikan Pulp Company. One of the changes was to make prices more responsive to market conditions. As a result, the average price to be paid under the Ketchikan contract has increased from $2.12 per thousand to $49.14 per thousand, a twenty-fold increase.

We are currently negotiating similar changes with Alaska Pulp Company, and we expect a complete modification to that contract shortly. We expect prices on that sale will increase to about the same amount.

Mr. Chairman, in view of the need to harvest some economically marginal timber stands to meet the needs of the dependent mills, we have felt the availability of the Tongass timber fund to be desirable. However, it has been the focus of controversy and in fact has been brought into the appropriations process in the last two years. Therefore, we do not object to eliminating the fund and bringing the Tongass into the normal appropriations process as proposed in S. 237.

We believe the clarification of Congressional intent with regard to making the sale program responsive to market conditions as provided in S. 237 is desirable.

We believe that changes beyond those proposed in S. 237 are not warranted on the facts and are particularly untimely. We are currently involved in a major reevaluation and replanning effort on the Tongass. This is the regular revision process envisioned by the National Forest Management Act.

Within ten months we will have completed the draft plan for public comment. This reevaluation, based on updated resource inventories, current research, and current economic conditions will provide a sound factual basis for decision on future management of this forest. We urge the Congress to defer actions beyond those provided in S. 237 until the plan is available.

Mr. Chairman, that completes my statement. I will be pleased to respond to any questions.

[The prepared statement of Mr. Leonard follows:]

STATEMENT OF
GEORGE M. LEONARD, ASSOCIATE CHIEF
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the
Subcommittee on Public Lands, National Parks, and Forests
Committee on Energy and Natural Resources
United States Senate

Concerning S. 237, a bill to reform the Tongass Timber Supply Fund
and
S. 346, a bill to amend the Alaska National Interest Lands Conservation Act
and for other purposes

February 28, 1989

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to present the Administration's views on S. 237, a bill to reform the Tongass Timber Supply Fund; and S. 346, a bill to amend the Alaska National Interest Lands Conservation Act and for other purposes. With me today is Mike Barton, Regional Forester for Alaska.

The Administration would not object to the enactment of S. 237, but strongly opposes enactment of S. 346.

S.237

When Congress passed the Alaska National Interest Lands Conservation Act (ANILCA) in 1980, a direct annual appropriation of at least $40 million was provided to maintain a timber supply level at a rate of 4.5 billion board feet per decade. This funding under ANILCA Section 705(a) was to provide a continuous, dependable timber supply to help maintain employment and community stability in Southeast Alaska.

S. 237 would repeal the special funding provision of Section 705(a), thus making the Tongass timber program subject to the annual appropriations process, as it has been for FY 1988 and FY 1989.

The timber program on the Tongass National Forest is unique considering the unusual economic and resource situation in Alaska and the size of the investments needed to maintain the program. Congress recognized this unique need in 1980 when the special funding provisions were included in section 705(a). However, if Congress wishes to make the program subject to annual appropriations, we would not object. We do not believe this change would be detrimental to overall National Forest programs in Southeast Alaska.

Furthermore, we believe S. 237 would provide a useful legislative clarification of the 4.5 billion board feet per decade goal. Subject to available appropriations, we would continue the intensive investments needed to achieve an allowable sale quantity of 4.5 billion board feet per decade. However, the 4.5 billion board foot goal would be achieved if, and only if, there was sufficient market demand and such sale offerings were within the allowable sale quantity as defined in the Tongass Land and Resource Management Plan.

S. 346

S. 346 would terminate the existing long-term timber sale contracts in Alaska, impose a moratorium on timber sales or harvest on 23 areas of the Tongass

National Forest, and impose unnecessary direction to the revision of the Tongass Land and Resource Management Plan.

We strongly oppose enactment of S. 346.

I would now like to describe the management situation on the Tongass National Forest.

Mr. Chairman, there is a perception among some people that the timber stands of the Tongass National Forest are fragile ecosystems on the boundary of tree growth. That perception is wrong. The commercial timberlands on the Tongass are among the most productive in the world, significantly more productive than the timberlands of Europe which have been managed for timber production for centuries. The warm waters of the Japanese Current provide the lower elevation lands with plentiful moisture and long growing seasons. Natural regeneration following harvest is abundant and fast-growing. The forest lands are favorably located with ready access to water transportation and thus world markets. Tongass timber is particularly well-placed to be competitive in the fast-growing Pacific Rim market. By almost any measure, the long-term outlook for future demand for Southeast Alaska timber is favorable.

Allegations that the harvest of timber is harming fisheries and wildlife habitat are exaggerated. Special efforts are made to protect streams and water quality. Although there has been a decrease in the commercial salmon harvest the last two years, commercial harvests have been well above average during the past few years. Harvest levels for game have also increased substantially since 1980. Positive changes have occurred in indirect and induced employment accruing to natural resource uses in Southeast Alaska.

In 1980, as ANILCA passed, the total volume harvested from the Tongass National Forest exceeded 450 million board feet. During the next 5 years, the harvested volume declined, reaching a low of less than 250 million board feet in Fiscal Year 1985. For the last three fiscal years, the harvest level has increased. In Fiscal Year 1988, the volume harvested was 396 million board feet.

Wood products from timber harvested on the Tongass occupy an important position in the Pacific Rim market and contribute to a more favorable balance of trade. Clear Sitka spruce and Alaska yellow cedar are sold to musical instrument and speciality building industries in Japan and other countries. Mills in Sitka and Ketchikan produce about 35 percent of the United State's dissolving pulp exports which are used to make rayon and other products. The Tongass National Forest will continue to play an important role in the production of forest products for world markets. Although the product mix and end users may change over time, we anticipate that markets will continue to expand.

Using National Forest Management Act planning procedures, we have begun a revision of the 1979 Tongass Land Management Plan. We will consider a broad range of resource management options in the preparation of this plan. As with the first Tongass Land Management Plan, the public is actively involved. We anticipate that a draft revised Forest Plan will be available late this year for public review and comment.

New resource inventories for timber, soils, streams, wildlife, and fisheries have been or are being completed. Studies relating to projected demands for timber, fish, and wildlife are also underway. New research results will also be incorporated. Based on this new information, the draft plan will describe and evaluate alternative ways to manage all the resources of the Tongass -- fish, wildlife, water, recreation, as well as timber.

We believe that any major change in the present statutory direction for the management of the Tongass is premature and can best be addressed after the draft revised Forest Plan is available to the Congress and the general public.

Termination of long-term timber sale contracts and a moratorium on timber sales and harvest, as would be required under S. 346, could precipitate substantial unnecessary economic dislocations in Southeast Alaska. Today, the timber industry generates the largest total employment and earnings of any natural resource-based industry in Southeast Alaska. Disruption of local economies and communities can be avoided if we proceed in a more deliberate fashion. In addition, considerable compensation would be required to terminate long-term timber sale contracts in order to avoid an unconstitutional legislative taking.

In conclusion, we are doing our best to carry out congressional direction in fulfilling our land stewardship responsibilities on the Tongass National Forest. We believe that a major statutory change would be premature at this time. We are only 10 months from completion of the draft revision of the Tongass Land and Resource Management Plan. The revision will provide the public and Congress with updated, comprehensive information and analyses of resources, markets, and the perspective of different publics. We urge the

Congress to wait for information developed through the Forest Plan revision process before considering major statutory changes such as those in S. 346. However, we would not object to the enactment of S. 237.

Mr. Barton and I would be happy to answer your questions or provide any additional information you may desire.

Senator WIRTH. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Could you tell me in Title 2 of Senator Wirth's bill, which would provide a substantial amount of direction to the Forest Service on revision of the forest plan—can you tell us what would happen if this were enacted, that would initiate, in effect, the provision?

Mr. LEONARD. Mr. Murkowski, we are troubled by that section of the bill. We strongly feel that NFMA provides adequate direction to ensure that all resources are given appropriate consideration and protection through the planning process. We expected the revised plan for the Tongass will fully comply with NFMA and other Congressional laws.

But, as you are aware, there is tremendous controversy over the management of the Tongass National Forest and when Congress passes laws in view of that controversy, it is important that they be rather precise in what they intend so that we do not continue the amount of controversy that is ongoing. And Title 2 lacks the precision of language necessary for reasonably clear understanding of Congressional intent.

For example, direction given as "significantly increase protection," "give specific attention to," and "ensure that priority is given for protection" create ambiguous legal standards that will most certainly result in future litigation. It will be very difficult for us to say whether or not we have given enough priority or given a level of priority we think is proper, whether other people would agree that that is right.

We believe that all the resources on the Tongass are receiving protection under existing law and the data supports this belief.

Senator MURKOWSKI. Why does not Senator Wirth's bill treat the Tongass National Forest like any other national forest?

Mr. LEONARD. I do not believe I can really answer that question, Senator.

Senator MURKOWSKI. Clearly when we say we are taking away the 40 million board feet or $40 million appropriation, that is an effort to get the Tongass like all other forests, and that is a given.

Mr. LEONARD. That would put it on the same basis in terms of the appropriation process.

Senator MURKOWSKI. What does Senator Wirth's bill do that changes that basis?

Mr. LEONARD. It provides for giving specific resources particular priority and attention—such direction is not applicable to other forests in the system.

Senator MURKOWSKI. Specifically is it planning or——

Mr. LEONARD. In the planning we are directed to give—significantly increased protection of wildlife, watershed, recreation.

Senator MURKOWSKI. Is that not a priority that we all have?

Mr. LEONARD. That is correct, and the problem is when you have a basic direction to manage all the national forests for these priorities, but then Congress comes in and says on the Tongass you give them particular attention, it is difficult to understand specifically what the Congress intends us to do. We have the general mandate to do that and then apply the Congressional language which would direct that you give them special attention.

Senator MURKOWSKI. You continue giving those quality items special attention anyway, as part of your overall responsibility, and you are getting a message that says give them a priority which is, I gather, rather difficult to do in your planning process.

Mr. LEONARD. We think we provide a proper balance between the use of the timber, recreation, fisheries and protection of biological diversity and other values on that forest.

Senator MURKOWSKI. My last question: I wonder if you could give the Committee the effects of carbon absorptions in managed versus unmanaged forests, since this is an issue that has come up? What does the Tongass do in relationship to our concern over the warming trend? What does it do about assimilating CO_2?

Mr. LEONARD. Senator Murkowski, it is our general understanding of the carbon cycle that young, growing forests are more efficient in the removal of carbon dioxide from the atmosphere than unmanaged, mature forests such as most of the Tongass National Forest at this time.

We do not believe that the management of the Tongass contributes significantly to the problem—in fact, as you stated, it actually serves as a carbon sink for removing carbon dioxide from the atmosphere and converting it into wood fiber.

Senator MURKOWSKI. So, when you say a sink, you are talking about a concentration absorbing CO_2?

Mr. LEONARD. Right. It represents a long-term removal of CO_2 from the atmosphere.

Senator MURKOWSKI. You may say it is part of an answer rather than part of the problem.

Mr. LEONARD. I think that is a fair statement.

Senator MURKOWSKI. We have occasionally tried to burn slash and it is ordinarily difficult. What is the 30-second practice? You cut the trees and then they start growing back and the regrowth cycle is—give us a layman's response of what happens when you clear cut.

Mr. LEONARD. Following clear cutting on the Tongass, because of the very favorable moisture, temperature and growth conditions, we get a very rapid replacement of that stand with a multitude—sometimes as many as 10,000-15,000 seedlings per acre, and a very rapid growth.

Senator MURKOWSKI. The seedlings, are these planted or——

Mr. LEONARD. They are natural seedlings. The area reseeds itself. The nature of the species, the moisture conditions are such that the seedlings grow well in organic matter. You get out on the forest and it is not unusual, for example, to find an old hemlock or spruce growing right on the bole of a previous tree that had fell maybe 100 or 200 years ago, and it is still in place there.

There is very little decay that takes place because of the relatively cool, moist climate, so you have a large accumulation of organic matter on the forest floor, and the nature of the species we have growing there does not require that matter be removed in order to get regeneration.

Senator MURKOWSKI. Finally, tell us about this area of percentage, in excess of 40 percent, that is not suitable for conversion into lumber and finds its way into the pulp market. Is that dying timber, old timber, stock growth?

Mr. **Leonard**. It is largely mature timber which has a high defect content within the log. It is logs that are no longer suitable for solid wood products.

Senator **Murkowski**. What would you do if you did not have pulp mills? What would you do with that stuff?

Mr. **Leonard**. They simply would be left in the woods and subject to ultimate decay.

Senator **Murkowski**. In their old growth they do not assimilate carbon CO_2 like a new forest?

Mr. **Leonard**. As long as the forest continues to grow, it makes use of CO_2. That is inherent in the growth process. On old, mature stands you begin to get a balance between the levels of decay within those stands and the new growth. So by and large, at least in the conditions in southeast Alaska, we would regard the mature forest as neutral. They are neither gaining nor losing in terms of the CO_2 balance.

Senator **Murkowski**. As as far as forest management practices, which are really the expertise and the professional capability of the Forest Service—you have talked about multiple use and balance—if you did not have the two pulp mills, you have 40-plus percent of the commercial timber base that is not suitable for saw logs, and you either leave it in the woods or I assume you could chip it.

Where would you take those two chips if you did not have the two pulp mills?

Mr. **Leonard**. There is a market for chips in the Pacific Rim countries, and it is feasible at least through part of the economic cycle that you could market chips.

It would be my judgment that if you lost the two pulp mills in Alaska, effectively you would lose the timber industry from that part of the state.

Senator **Murkowski**. The other extreme would be to chip up and then export the chips in a ridiculous situation where if you had two pulp mills that were consuming those chips because right now, we do not export chips. We consume chips.

Mr. **Leonard**. We are not major exporters of chips. Minor amounts go out, yes.

Senator **Murkowski**. Where do they go?

Mr. **Leonard**. Some of them have gone to Canada, and some go to Japan.

Senator **Murkowski**. Who moves chips to Japan currently?

Mr. **Leonard**. I do not know currently, but over the last 5 years there has been some from some of the independent mills.

Senator **Murkowski**. I see.

I would like to have you provide for the record any chip movement in the last four or five years, because as far as I know there has been none since the Baluga operation where there was a specific effort made through Mitsui to put in a chip mill of state timber sale and export those chips, and as I recall they went broke because they are no longer there.

Thank you, Mr. Chairman.

[The information follows:]

According to the 1988 U.S. Department of Commerce figures of Exports of Alaskan forest products, fiscal years 1984 thru 1988: 1984 was 11.6 Thousands of Short

Tons (MSTN), 1985 was 4.9 (MSTN), 1986 was 0(MSTN), 1987 was 0(MSTN), 1988 was 11.5(MSTN) of woodchips exported.

Senator WIRTH. Thank you very much, Senator Murkowski.

For the record, Mr. Leonard, what is the Forest Service position on S. 237? Do you support S. 237?

Mr. LEONARD. We do not object to its passage.

Senator WIRTH. Let me ask you a question. Do you support S. 237?

Mr. LEONARD. No. Our formal position is that we have no objection.

Senator WIRTH. What about the notion of a Congressionally mandated allowable sale quantity as in S. 237? Is that a position that the Forest Service supports?

Mr. LEONARD. That is the current law. S. 237 in effect would simply maintain the current law.

Senator WIRTH. Do you support putting that into legislation? Is that the Forest Service position, that you would like to have that sort of thing put into a piece of legislation?

Mr. LEONARD. We certainly would rather not have those as a mandate, but in our valuation of S. 237 when we took the position of no objection, it was in the context of this current law.

Senator WIRTH. I know the whole purpose is to debate whether the current law is a good idea, and you are saying because it is in the current law you are going to support it rather than looking at it.

For example, I remember last year when we were marking up Senator McClure's legislation in Idaho, Senator McClure wanted to put that kind of an allocation in the legislation. The Forest Service opposed it. There is a reason for your opposition of it in Idaho and support of it in Alaska; is that right?

Mr. LEONARD. Again, Senator, our position on S. 237 is no objection, not one of support.

Senator WIRTH. You are not answering the question. You are masterful at not answering the question. That is fine, Mr. Leonard. I understand that you are probably in a tough political position, and I respect that.

Let me ask you also about the question of other criteria in the legislation, and I will really ask you in the form of a statement. What we are debating here is the overall approach that the United States is going to take to the management of our national forests. Are we going to manage the national forests with the number one priority continuing to be placed upon below-cost timber sales and a single priority to extract as much as possible out of that forest in terms of timber?

That is an historic position that has been taken by the Forest Service for years and years and years. There are many of us who believe that that is a misguided set of priorities and that what we ought to be doing in this country is managing our forests with equal priority given to other uses.

For example, it is my belief that if we look at a lot of forests we would be a lot better off as a country if we managed those forests for recreation, for fish and wildlife values, for water quality and so on, and that if we took the money that you all are spending to subsidize timber sales and instead put it toward those other management values, we would be a lot further ahead in terms of the value of that forest, and we would be a lot further ahead in terms of return to the taxpayer.

Now that is the debate that is beginning to emerge, thank goodness. We finally are understanding, and I think some of that thinking is permeating at the Forest Service as well, for which I am grateful. I hope that these ideas penetrate further in the coming months and years.

What is at stake here when I lay out other criteria in the bill is a little bit different from your normal forest planning process, for very good reason. In the Tongass what has happened is that the pendulum has swung way over here with this inordinate value. The chief was up here last year telling us it was a wonderful thing to spend that extra $40 million a year to build roads in the Tongass. You are now saying you have no objection to that coming out, but the pendulum is swinging back a little bit. We want to pull it back a little bit harder.

As you understand, that is what we are trying to do, and there are honest disagreements about that. Nobody is trying to be dishonest or sneak something across. There are just very different approaches to how we ought to be managing our wonderful national forests. You have some perspective on it. You are slowly but surely changing.

Some of us want you to change a little more rapidly. You understand that, we understand that, and I would suspect that the people on the other side of the issue understand that as well. That is central to the debate that we are talking about here. You know that, and we know that, but I just wanted to put that into context and make sure that we saw thematically what the broad issue is.

Finally, I would say——please go ahead.

Mr. LEONARD. Senator, I would make just two points.

Number one, over 80 percent of the national forest timber sale program is above cost; therefore, it is not overwhelmingly below cost sales. Over 80 percent is above cost.

Secondly, I do not think we have to make pure black and white choices between whether or not we will have timber programs and recreation. I think we have demonstrated for a long time that you can have both: that uses of the forest can be compatible, that we can have timber and we can have fish; that we can have timber and we can have recreation uses; that we can have timber and we can have wildlife uses of those forests.

Senator WIRTH. I appreciate your comment on how much of the timber sales are above cost. I also have been on the Banking Committee and listened to the very creative accounting coming out of much of the savings and loan industry about how well they were doing as well.

We all know you can be very creative with statistics and very creative with accounting. That is for another day. We have had debates in the past about how that accounting is done.

Mr. LEONARD. In this case the appropriations committees asked us to work with the General Accounting Office arm of the Congress, and the 80 percent number that I gave you is from the accounting system that we have jointly developed with the General

Accounting Office and we believe represents the application of standard accounting techniques.

Senator **Wirth**. I am all for that. I think if we can come to agreement on that, that is terrific.

The other point that you make, that we can do both things, I think that is possible, but I think that there are many of us who say what both things means is probably at this point in many areas, more emphasis is being placed on one set of values than on a more historic conventional set of values. That is part of what this debate is all about.

I appreciate your being here and we will have a lot of questions to submit for the record. Just as a final note, this issue of how you manage a forest is at the root of our discussions about the rain forest.

There are those who suggest that the best return for the rain forest is to cut down the rain forest, get the timber out and use the land for the purposes of agriculture and raising of cattle. In some places, that is a relatively traditional use of the land. We did that sort of thing in our opening up a large part of our country. We cut down the wilderness, that enemy wilderness that has pervaded our culture for a long time. As we cut it down, we followed on with agricultural and livestock uses.

Some of that is appropriate to be going on in the Amazon and other parts of the rain forest. Some of it is not because the land is not usable for agriculture, as you know, and the land will not sustain that kind of livestock production for very long.

The question that we then all face in looking at the resource of the rain forest is what other economic uses can the rain forest be put to. There is an increasing body of thinking going on is let us look at the value of that rain forest by itself and see if we can develop so-called extractive reserves where we can look not only at the potential use of rubber trees and Brazil nuts and so on but the potentially wonderful genetic diversity that is there which in turn, in the use of the words of some biologists, we can prospect that genetic reserve just as historically we might prospect for minerals in our national forests and on our public lands. We want to help the Brazilians to do that. It is their rain forest, their sovereignty.

The model that we set up there, however, is one that I think we have an obligation to model and look at here as well. This goes back to perhaps the overall area of disagreement. If we are saying to the Brazilians manage your forest for a variety of uses, we ought to be doing the same thing here. That is where there becomes a parallel in the Tongass as it relates to what goes on in Brazil.

We are saying let us manage the Tongass, and some of us think that that should have more broadly underscored priorities other than timber. That is part of the disagreement.

You understand that, and I understand that. I just wanted again to paint where I think that disagreement may be.

Mr. **Leonard**. Senator, I would agree that the problem of the tropical forest is a very complex one. It is not subject to simple answers, but it is true that our forest lands and particularly our national forest lands should be managed in a way that we can say demonstrate both to parties within the United States and to the world that this is a sustainable way of managing your resources.

I think it is clear that if we tell the people of Brazil or other tropical forests that you simply should leave those forests alone and not worry about where you will get your food and your fiber and some wealth for your economy that we will not succeed in dealing with the tropical forestry problem.

We have to find ways to demonstrate to them that there are sustainable uses, sustainable developments for those countries. I would suggest that portions of the Tongass National Forest because of their very nature provide an opportunity to demonstrate that sustainable long-term development.

Senator **Wirth**. I would suspect in the planning that you do, your planning as professional foresters would probably be better if you were not bound by requirements in the law that say you have to spend $40 million a year, you have to cut 4.5 billion board feet of lumber per decade. Your planning would be better off if you were starting *de novo* than if you had those requirements in front of you.

I would think that as a professional individual I would rather go in and plan from scratch rather than have a lot of previous requirements laid on me.

Mr. **Leonard**. We think the National Forest Management Act which applies to all the national forest provides a good basic background on which we could use to plan the appropriate balance of uses on the Tongass or the Idaho Panhandle or other forests around the country.

Senator **Wirth**. Even having said that, you have no objection to being required to continue to cut 4.5 billion board feet per decade in the Tongass or to have remaining two 50 year long-term contracts?

There seems to be a little bit of inconsistency in the position you are taking.

Senator **Murkowski**. If I can interrupt, Senator Wirth. I do not mandate a 4.5 cut. The legislation does not propose it.

Mr. **Leonard**. We believe that we have the flexibility under the provisions of the National Forest Management Act which specifically authorize us to make changes in those two long-term contracts, to make those changes in the contracts necessary to bring them into compliance with any changes that we would make under the terms of the Tongass land management plan.

We can change the standards by which we conduct our operations in Alaska. We can do that unilaterally under the terms of the National Forest Management Act.

Senator **Wirth**. Under Senator Murkowski's legislation, would you be directed to carry out a program of intensive management of the commercial forest land of the Tongass National Forest in order to assure the availability of a sufficient supply of timber to achieve an allowable sale quality of 4.5 billion board feet per decade?

Mr. **Leonard**. Yes, we would be required to do that.

Senator **Wirth**. We appreciate your being here, Mr. Leonard. Senator Burns.

Senator **Burns**. Thank you very much, Mr. Chairman. I have one question.

Whenever we start talking about these issues, something like this, that we have not drifted away from the basic philosophy of multi-use. Formerly, it seemed that we could manage our lands for not only wildlife but working in concert with timber sales or logging operations.

I am wondering if the philosophy of multi-use is starting to drift toward the philosophy that we will use this acre over here for wildlife habitat, and then the next acre, so to speak, for water, and then manage another acre for timber sales.

We have not done a very good job in trying to integrate all three of those elements on the same acre. Am I correct in that?

Mr. LEONARD. I think that is true. A lot of the polarization that has come to the floor as we have developed forest management plans around the country has been because people wanted to make either/or choices. They were not looking for how you can integrate uses and in fact get timber production, fish production, recreation opportunities over the forests. We are simply focusing more and more on if you are going to cut timber here, then there is no recreation opportunities or the elk herd is going to go.

I think we have demonstrated over nearly 80 years of management that there is a lot more compatibility among uses than exclusivity that people would like to attribute to these forests. We can manage for multiple use, and we think it is a valid principle. We think it is a way to maximize the benefits of these forests to the public.

Senator BURNS. Is the management tool of clear cutting conducive to that philosophy?

Mr. LEONARD. We think so. Clear cutting has, of course, been a major topic of debate. In some forest types it is the most effective tool for regenerating stands of desirable species both for timber production and for wildlife purposes.

In other stands we have a choice, and we should be making that choice based on the management objectives for that area.

On still other stands, individual tree selection is a perfectly viable mechanism.

Clear cutting has been the focus of a lot of attention because of its immediate impact. It is particularly an issue on the Tongass because of the high level of moisture and the fact that the Tongass is a coastal forest. Trees tend to be shallow rooted. Stands have grown up after disturbance from nature, and partial cutting simply is not a viable alternative without subjecting the stand to intolerable losses from wind throw.

Senator BURNS. How would you compare reforestation, recharge, or the regeneration of the Tongass, in rate of growth to, say, the Cascades along the coast of Washington and Oregon?

Mr. LEONARD. It is comparable. The Tongass National Forest is an extremely productive area. It is a moderate temperate area because of the Japanese current that comes along there and provides a long growing season and high moisture levels. It is comparable to the Oregon coast in terms of productivity, at least in those portions that we are planning to manage for timber production.

Senator BURNS. Mr. Chairman, I have a couple more questions but in the essence of time, I will submit them for Mr. Leonard to answer in writing.

Mr. LEONARD. We would be pleased to respond to those.

Senator WIRTH. Thank you very much, Senator Burns.

Senator MURKOWSKI. Mr. Chairman.

Senator WIRTH. Senator Murkowski.

Senator MURKOWSKI. May I just enter briefly into the record a statement with regard to return on Federal treasury for every dollar spent by the Forest Service for the years 1987, 1988 and 1989. The comparison is the Tongass return for 1987 is 41 cents. Colorado national forests are 39 cents for 1987.

For 1988, the projected Tongass is 88 cents, for Colorado, 39 cents.

The 1989 projected Tongass dollar plus Colorado is 39 cents.

The source is the United States Forest Service.

Senator WIRTH. I would be delighted to look at those figures. You are making my case altogether both for Alaska and for Colorado. I appreciate it.

Senator MURKOWSKI. I think we interpret them a little differently.

Senator WIRTH. Thank you, Mr. Leonard. Thank you for coming down and for your patience.

Mr. Barton, thank you very much for being here.

Our next witness is Mr. Eric Laschever, the Governor's Special Assistant for the Tongass. Thank you very much for coming down.

Senator Murkowski, you had indicated to Senator Bumpers your willingness to continue to chair the hearing, and I hope we can persuade you to do so.

Senator MURKOWSKI. I will be happy to do so.

Senator WIRTH. Mr. Laschever, if you would summarize your statement we would be eternally grateful.

STATEMENT OF ERIC LASCHEVER, GOVERNOR'S SPECIAL ASSISTANT FOR THE TONGASS, STATE OF ALASKA

Mr. LASCHEVER. I would be happy to do so.

Mr. Chairman and members of the subcommittee, my name is Eric Laschever, and I am Governor Cooper's Special Assistant for the Tongass National Forest.

I think so far there have been two themes that have come out as far as the Federal Government's involvement in setting policy for the Tongass. One is the desire to create communities that were stable and had secure sources of employment. The other dominant theme has been growing recognition of very special wildland values and the protection that has been accorded especially during ANILCA to those wildland values.

Since the 1970s, Congressional deliberations on management of the Tongass have really reflected a difficult search for a policy which would allow no one use or set of values to dominate the plan for or management of the forest.

Today you will hear from some speakers who will say that the long-term contracts in certain provisions of ANILCA have elevated the timber industry to a position of preeminence as a user of the forest.

You will hear others argue that the designation of wilderness has elevated the retention of wildland values to a preeminent use.

I think when you look at it in this context, your bill is yet another attempt to strike a very elusive balance. In this regard, the

State of Alaska believes, unfortunately, that it fails to attain the goal of evenhanded management. However, we believe that progress towards this goal is possible.

As you probably are aware, substantial efforts to reach a compromise have been made. Senator Stevens and Senator Murkowski have introduced legislation which we believe is a good faith effort in compromise.

In an effort to assist the development of a consensus, we offer the following comments on specific provisions of the legislation before you.

First of all, with regard to the repeal of section 705, which is in your bill, during the ANILCA debate one of the most difficult issues that has been discussed today is how to both create substantial amounts of wilderness and preserve timber employment.

Section 703 designated 5.5 million acres of wilderness, including 173,000 acres of high volume timber stands. Section 705 provided the actual appropriation. Since that has been fully discussed, I will not go into that.

The problem with repealing 705 as we see it is that it would create a great deal of uncertainty in the timber industry, which depends upon wood supplies from the Tongass National Forest.

The principal reason for this is elimination of the 4.5 billion board feet per decade supply goal removes the legislative impetus to provide an amount of timber which could sustain the dependent industry.

Although we strongly oppose repealing the section, we do believe that it is possible to modify the section to give the Secretary of Agriculture greater flexibility in managing the forest.

For example, last year an amendment was offered on the House side which would have allowed the Secretary to adjust the timber supply for the decade in each provision of the forest plan based upon his projection of the market demand for Federal timber. These are the kinds of approaches that we think may be workable.

The second element of your bill which I would like to focus on is the contract termination. You have heard at length that the long-term contracts were one of the principal elements of the Federal Government's efforts to establish a timber industry in southeast Alaska.

We believe that cancellation of the contracts could significantly disrupt the economies of a number of communities in southeast, and we strongly oppose cancelling the long-term contracts. If the committee perceives there to be problems with the long-term contracts, it would be much more acceptable to the state for the Congress to instruct the Forest Service to renegotiate elements of the contracts with the two pulp companies.

The next provision I would like to talk about is the moratorium provision. I would like to start off by saying that the state recognizes the higher value of several of these areas as fish and wildlife habitat and their importance to the fishing and tourism industries, subsistence users, and a number of communities in southeast Alaska.

The principal question regarding this title is whether additional temporary production can be provided to these areas without having an unacceptable impact on the ongoing operation of the timber industry. The state would be opposed to any moratorium which disrupted field operations during the planning period to the extent that it caused significant reduction employment.

To the extent the timber purchasers have relied upon commitments by the Forest Service, there also may be private claims of breach of contract.

Last year the Forest Service did an analysis of 19 of 23 of these areas, and the results of that indicated that five of them were scheduled for operations in the next five years. There may be a possible way of adjusting the boundary of these areas to eliminate acreage where there is a direct conflict during the next five years.

We would also add if all of these areas were permanently withdrawn from the timber base it would have a greater and long-term effect. It would magnify conflicts between user groups on the lands which remain in the timber base, and it would also force additional pressure on the independent sales because 300 millon board feet are committed by contract to the long-term contract holders.

To conclude, the state believes that the Tongass National Forest can and should be managed so that the many competing uses may co-exist. We believe that in attempting to balance land uses in the Tongass, S. 346 imposes an unacceptable degree of uncertainty on the dependent timber industry. We are hopeful, however, that we can develop an approach that is acceptable to the many people who use and are concerned with management of the Tongass National Forest.

Thank you.

[The prepared statement of Mr. Laschever follows:]

TESTIMONY OF ERIC S. LASCHEVER
Before the
SENATE SUBCOMMITTEE ON PUBLIC LANDS,
NATIONAL PARKS AND FORESTS
February 28, 1989

Mr. Chairman, members of the Subcommittee, my name is Eric Laschever. I am the Special Assistant for the Tongass National Forest to Alaska Governor Steve Cowper, and I will present the views of the State of Alaska regarding S.346.

The Federal Government has had a longstanding commitment to economic diversification and community stability in southeast Alaska. The establishment and maintenance of a timber industry based upon the trees of the Tongass National Forest is a reflection of this commitment. This policy is manifested by such actions as the signing of long-term timber sale contracts and adoption of Section 705 of the Alaska National Interest Lands Conservation Act.

The designation of portions of the Tongass as wilderness also reflects the government's recognition of the exceptional wildland values of the forest, including both economic and non-economic uses.

Since the 1970's, Congressional deliberations on management of the Tongass have reflected a difficult search for a policy which would allow no one use or set of values to dominate the planning for, or management of, the forest. Today, you will hear some speakers argue that the long-term contracts and certain provisions of ANILCA have elevated the timber industry to a position of pre-eminence as a user of the forest. Others will argue that the designation of wilderness has elevated the retention of wildland values and non-consumptive use above that of the timber industry. Viewed in this context, S.346 is yet another attempt to strike an elusive balance.

In this regard, the State of Alaska believes that S.346 has unfortunately failed to attain the goal of evenhanded management because it creates uncertainty and potentially disrupts the dependent timber industry. However, the State believes that progress toward this goal is possible. Substantial efforts to reach a compromise have been underway since last year. Senator Stevens and Senator Murkowski have introduced legislation which relect their desire to address concerns which have been raised. The State believes that if there is to be legislation which addresses the Tongass, it should be based upon processes which have reconciled divergent views within the State.

In an effort to assist in the development of such a consensus we offer the following comments on the specific provisions of S.346.

TITLE I: Repeal of Section 705 of ANILCA

During the ANILCA deliberations of the late 1970's, one of the most difficult issues to resolve was how to designate a substantial amount of wilderness in the Tongass while maintaining employment in the existing timber industry which depended on federal timber supplies.

Section 703 of ANILCA designated 5.5 million acres of wilderness, including 173,000 acres of high volume timber stands. Section 705 provided a continuing appropriation of no less than $40 million per year to the Forest Service in order to make available a timber supply of 4.5 billion board feet per decade for the dependent timber industry. In addition, Section 705 authorized inclusion of some marginal timber land in the timber supply base to offset the loss of better timber land placed in wilderness. The State believes that Section 705 also intended that the other portions of the Tongass Forest be managed for multiple uses including but not limited to timber harvesting.

Title I of S.346 would repeal the timber provisions of ANILCA and would create a great deal of uncertainty in the timber industry which depends upon wood supplies from the Tongass National Forest. First, elimination of the 4.5 billion board feet per decade supply goal removes the legislative impetus to provide an amount of timber which, aside from depressed market conditions, could sustain timber industry employment.

Second, returning the Tongass Forest to the normal appropriation process by terminating the Tongass Timber Supply Fund could, on a year-to-year basis, prevent the Forest Service from supplying sufficient timber to the timber industry.

Finally, the repeal of Section 705(d) would remove from the timber base the marginal timber land which was intended to offset lands designated as wilderness.

Although we strongly oppose the outright repeal of Section 705 at this time, the State believes that it may be possible to modify this section now to give the Secretary of Agriculture greater flexibility in managing the forest. For example, an amendment which was offered to the House Interior Committee would have allowed the Secretary to adjust the timber supply for the decade in each revision of the forest plan based upon his projection of the market demand for federal timber.

This amendment would also have directed the Secretary to prepare and offer for sale only that amount of timber needed to meet the annual market demand of the timber industry. Timber sales that had not sold in a given year would count towards the timber supply in the next year. These measures would prevent a number of the problems cited in the recent analysis by the General Accounting Office, by both allowing and requiring the Secretary to be more responsive to market conditions.

TITLE II: Contract Termination

As noted above, the long-term timber sale contracts were one of the principal elements of the federal government's efforts to establish a timber industry in Alaska.

The State strongly opposes cancelling the long-term contracts. We believe that cancellation of the contracts could significantly disrupt the economies of a number of communities in southeast Alaska.

If the Committee perceives there to be problems with the long-term contracts it would be much more acceptable to the State for the Congress to instruct the Forest Service to renegotiate elements of the contracts with the two pulp companies.

TITLE III: Timber Harvest Moratorium

S.346 establishes a moratorium on commercial timber harvesting and associated activities pending completion of revision of the forest plan on twenty-three areas totalling 1.7 million acres.

The State recognizes the high value of several of these areas as fish and wildlife habitat, and their importance to the fishing and tourism industries, subsistence users, and a number of communities in southeast Alaska.

The principal question regarding this title is whether additional temporary protection can be provided to these areas without having an unacceptable impact on the ongoing operations of the timber industry. The state would be opposed to any moratorium which disrupted field operations during the planning period to the extent that it caused, by itself, significant reductions in employment. To the extent that timber purchasers have relied upon commitments by the Forest Service, there may also be private claims for breach of contract.

An analysis by the Forest Service of 19 of 23 of these areas indicates that logging and associated activities have been planned in five areas during the next five years. It may be possible to adjust the boundaries of these areas to eliminate acreage where there is a direct conflict.

If all of these areas were permanently withdrawn from the timber base it would have a greater and long term effect. This action would magnify conflicts between user groups on the lands which remain in the timber base. Also, because the long-term contract holders are assured a total of 300 million board feet per year under their respective contracts, a reduction in the timber base of this magnitude could make it more difficult to offer short-term sales to timber purchasers not affiliated with the two long-term contract holders.

We are examining the possibility suggested during compromise discussions last year in Washington and this winter in Alaska of prohibiting timber harvest but not other uses for a smaller number of areas.

To conclude, the State believes that the Tongass National Forest can and should be managed so that the many competing uses may co-exist. We believe that in attempting to balance land uses in the Tongass, S.346 imposes an unacceptable degree of uncertainty on the dependent timber industry. However, we are hopeful that we can develop an approach which is acceptable to the many people who use and are concerned with the management of the Tongass National Forest.

Senator WIRTH. Mr. Laschever, thank you very much, and please give my personal greetings to the governor. Despite our disagreements on this and some other issues, he is a very engaging and very able public servant, and we are delighted that he is there. Thank you very much.

Mr. LASCHEVER. I will pass that along.

Senator WIRTH. I will turn over the baton to Senator Murkowski. Thank you very much.

Senator MURKOWSKI [presiding]. Thank you, Mr. Chairman. I have no questions of this witness.

With that I would say, Mr. Laschever, you got off pretty easy.

I believe that we have a panel currently. I think it would be in order to bring the entire panel up. First of all, Mr. Larry Edwards, President of the Board of Directors of the Southeastern Alaska Conservation Council from Juneau, Alaska. Good morning, Mr. Edwards. It is still morning.

I would ask that Mr. Don Finney, General Manager of the Alaska Loggers Association, Ketchikan, join Mr. Edwards;

Accompanied by Mr. William H. Banzhaf, if that is the correct pronunciation, Executive Vice President, Society of American Foresters, Bethesda, Maryland;

Accompanied by Mr. Gerald Gray, Director of Resource Policy, American Forestry Association, Washington, DC;

Accompanied by Mr. David A. Anderson, Southeast Regional Supervisor for the Division of Wildlife Conservation, Alaska Department of Fish and Game, Juneau, Alaska.

The staff is moving around desperately your name tags.

Lastly, Dr. Jerry Franklin.

I think you are going to have to move them around again, Ma'am. Mr. Franklin is the last witness, and he is on the other end.

[Pause.]

Senator MURKOWSKI. Okay, you can start as you wish, or we can go by the order of the subcommittee witness list. Let us do that.

Mr. Edwards, President, Board of Directors of the Southeast Alaska Conservation Council. We look forward to your testimony. We would appreciate your summarizing as much as you can. Obviously we are going to finish this, but we want to give everybody an opportunity so we would appreciate summaries.

Please proceed, sir.

STATEMENT OF LARRY EDWARDS, PRESIDENT, SOUTHEAST ALASKA CONSERVATION COUNCIL

Mr. EDWARDS. Senator Murkowski, I will summarize.

My name is Larry Edwards. I am President of the Southeast Alaska Conservation Council, also known as SEACC. SEACC is a grassroots coalition of 13 groups in 11 southeast cities and villages. I will be speaking today in strong support of S. 346, the Tongass Timber Reform Act, and in opposition to S. 237, introduced by my own Senators.

I am a 12-year resident of Sitka, where I usually move to work for the Alaska Pulp Corporation as a mechanical engineer. Since quitting APC in 1978, my primary employment has been operation of my own small business and as a fisheries technician for the Alaska Department of Fish and Game.

In southeast Alaska, commercial fishing, tourism, subsistence and timber all depend on use or harvest of forest resources. Each of those elements of our economy are dependent industries. Unfortunately, our economy is presently in conflict with itself since logging on the Tongass is underlining both its own timber base and the resource base of the other significant elements of the regional economy.

SEACC's position is based on what we perceive to be the minimum action necessary to protect the basic economic and environmental integrity of the forest. We have advocated this position forcefully and forthrightly since about 1982.

Our position has three parts. First, the Tongass cannot be properly and fairly managed under a Congressionally-dictated harvest goal. This has been amply demonstrated over the past nine years. The 4.5 billion board foot per decade harvest goal must be repealed and replaced by management based on the professional judgment of the Forest Service. That can only be done if S. 346 is passed.

In addition, the $40 million automatic fund should be replaced by annual appropriations. I think we agree on that.

Second, SEACC supports permanent protection of key areas through designation as wilderness or other special designation by law. This would protect vital resources supporting critical segments of the region's economy.

Currently, 70 percent of the high value fish and wildlife habitat areas in the Tongass remain without permanent protection from logging and roads. This protection is especially vital to the community stability of many rural villages threatened by large scale logging and road building projects.

At this time, Mr. Chairman, I would like to present for the record letters from eight communities in our region, a statement from the United Fishermen of Alaska, and a press release from the Southeast Conference, which all support strong protection of key watersheds.[1]

Mr. EDWARDS. S. 346 provides only temporary protection for key fish and wildlife areas. We have lost faith in the ability and the will of the Forest Service to fairly manage this forest, and we feel temporary moratorium would be nothing more than a stay of execution for those areas. SEACC supports an amendment to S. 346 to permanently protect the areas listed.

If all 23 areas in S. 346 were granted permanent protection, the legislation would reduce the timber base by only 11 percent. This still provides enough timber for industry to continue at current levels and even to expand.

Third, the 50-year contracts form the root of Tongass management problems. Only this national forest is saddled with 50-year monopoly contracts, so different from the normal three to five-year timber sales in other forests.

The contracts tie up two-thirds of the Tongass timber and sell it at bargain prices. They allow high grading and severely strict management of the Tongass. That is language from the Forest Service itself.

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[1] Material submitted was retained in subcommittee files.

The contracts have resulted in antitrust actions and allowed other abuses of the public trust. The two contracts should be terminated and replaced with normal timber sale contracts allowing competitively bid sales.

Section 202 of S. 346 would greatly improve the planning process and help avoid confrontations. The approach taken in S. 346 is so good that, in fact, we wish we had thought of it ourselves, and we commend Senator Wirth for his astute insight into management problems on the Tongass.

It is with reluctance that I conclude by respectfully stating that S. 237, introduced by Senator Murkowski, does nothing more than further entrench the status quo on the Tongass. This bill eliminates the $40 million automatic annual appropriation, but Congress has already accomplished that procedurally for the past two years.

More importantly, S. 237 locks in the 4.5 billion board foot timber harvest goal even tighter than now by legislating a permanent allowable sale quantity. S. 237 will actually aggravate the problems on the Tongass.

Mr. Murkowski, for many years Alaskans have called for comprehensive Tongass reform, especially removal of the 4.5 billion board foot per decade harvest goal. I would like to submit for the record resolutions opposing the 4.5 from 16 communities, our regional commercial fishing groups and United Fishermen for Alaska, the Tongass Tourism and Recreation Association, Alaska's Responsible Resource Management, the Southeast Regional Fish and Game Council, and the Alaskan Native Brotherhood. [1]

Mr. Edwards. In conclusion, Mr. Chairman, I urge your committee and the U.S. Senate to give solid support to Senator Wirth's S. 346 and to strengthen it by establishing permanent protection for the 23 areas. It is a good bill for southeast Alaska and a good bill for the national interest.

Also I would like, if I may, to introduce testimony given to me this morning by the Wilderness Society for the record.

Senator Murkowski. It will be entered into the record.

Mr. Edwards. I thank you for holding these hearings and for inviting SEACC to testify. I will be happy to answer any questions.

[The prepared statements of Mr. Edwards and Mr. Nelson follow:]

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[1] Material submitted was retained in subcommittee files.

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Statement of
SOUTHEAST ALASKA CONSERVATION COUNCIL (SEACC)
Presented by
LARRY EDWARDS, PRESIDENT
SEACC BOARD OF DIRECTORS
in support of S.346, the TONGASS TIMBER REFORM ACT
and opposing S.237
Before the
SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS AND FORESTS
U.S. SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
FEBRUARY 28, 1989

My name is Larry Edwards. I am speaking on behalf of the Southeast Alaska Conservation Council (SEACC). SEACC would like to thank you for your invitation to speak today. We greatly appreciate this opportunity to express our strong support of S.346, the Tongass Timber Reform Act, and respectfully urge this Committee to approve strengthening amendments. I am also speaking in opposition to S.237 introduced by Senators Murkowski and Stevens.

SEACC is a grassroots coalition of 13 conservation groups located in 11 communities throughout the southeast Alaska region. Additionally, it has over 900 individual members, mostly from southeast Alaska. SEACC was founded in 1969 by Alaskans who had become alarmed by the increasing destruction of important fish and wildlife habitat by large-scale logging. For 20 years now, SEACC has been the leading voice for conservation in southeast Alaska. In 1980, under the terms of Section 706(c) of the Alaska Lands Act (ANILCA), SEACC was the conservation group selected by Congress to consult and cooperate with the Forest Service in preparation of the agency's

JUNEAU GROUP SIERRA CLUB • LYNN CANAL CONSERVATION Haines • SITKA CONSERVATION SOCIETY
ALASKA SOCIETY OF AMERICAN FOREST DWELLERS Point Baker • FRIENDS OF BERNERS BAY Juneau • PELICAN FORESTRY COUNCIL
NARROWS CONSERVATION COALITION Petersburg • FRIENDS OF GLACIER BAY Gustavus • TONGASS CONSERVATION SOCIETY Ketchikan
FALSE ISLAND KOOK LAKE COUNCIL Tenakee Springs • WRANGELL RESOURCE COUNCIL • TAKU CONSERVATION SOCIETY Juneau

report on the status of Tongass management. ANILCA Section 706(b) directed that this status report be presented for Congressional review every two years, beginning in 1985.

For the past ten years I have been involved with SEACC and last year became President of the Board of Directors. I am a 12-year resident of Sitka where I originally moved when hired by the Alaska Pulp Corporation as a mechanical engineer. Since quitting APC after a short tenure my primary employment has been operation of my own small business and work for the Alaska Department of Fish and Game as a fisheries technician.

The Tongass is my home. Our nation's largest national forest, it is a magnificent coastal rainforest comprised of huge conifers which have taken hundreds of years to attain maturity. It is home to the world's largest concentrations of grizzly bears and bald eagles, and its streams are spawning and rearing habitat for 90 percent of southeast Alaska's salmon. Visitors who come to the Tongass for its wilderness values have made tourism the region's fastest growing industry.

I. SEACC SUPPORTS PASSAGE OF S.346

S.346 WOULD BRING BALANCED MANAGEMENT TO THE TONGASS NATIONAL FOREST. SEACC strongly supports S.346, the Tongass Timber Reform Act, introduced by Senator Tim Wirth and currently co-sponsored by over 20 Republicans and Democrats in the Senate. The bill is very similar to legislation passed by the U.S. House of Representatives last July by a total of 361-47. This legislation would be a major step toward resolving the senseless resource management problems on our nation's largest national forest. S.346 is needed to bring order back to Tongass management.

The Tongass Timber Reform Act would clearly pull the reins in on a runaway bureaucracy by taking the following positive steps:

> Returning the funding of the Tongass to the annual appropriations process by repealing Sec. 705(a) of ANILCA. This would remove the Tongass Timber Supply Fund and the inflexible 4.5 billion board foot timber supply goal (known locally as the "450").
>
> Repealing the Tongass exemption from Sec. 6(k) of the National Forest Management Act which requires the Forest Service to identify lands not suitable for timber production.
>
> Broadening the ANILCA Sec. 706(b) review of Tongass management status to include the impacts of timbering on wildlife and fisheries habitat and on subsistence.
>
> Directing the Forest Service to terminate the 50-year contracts with the two pulp mills and replace them with competitively-bid, short-term timber sales used on all other national forests.
>
> Establishing a temporary moratorium on logging and road building in 23 areas of high value for fish and wildlife, recreation and tourism, subsistence and scientific research.
>
> Directing a revision of the Tongass Land Management Plan to reflect changes in the law made by S.346 and to increase protection of fish and wildlife, recreation, subsistence, and biological diversity.

The Tongass is the only national forest which has a guaranteed entitlement of at least $40 million each year. The Tongass Timber Supply Fund has averaged almost $45 million from full implementation of ANILCA in 1982 to 1988. Furthermore, the Tongass is the only national forest with a timber supply goal written into law. The Tongass Timber Supply Fund provides the funding for totally unacceptable environmental impacts at great taxpayer expense, and the "450" timber supply goal threatens key fish and wildlife habitat and subsistence use areas.

At the very foundation of this impossible situation are the two 50-year timber contracts held by Alaska Pulp Corporation (APC) in Sitka and Ketchikan Pulp Company (KPC). ANILCA Sec. 705(a) has served to exacerbate the problems created by these contracts.

THE TONGASS TIMBER SUPPLY FUND IS ECONOMICALLY UNSOUND. From full implementation of the Tongass Timber Supply Fund in FY 1982 until 1988, expenditures for the Tongass timber program have amounted to $386 million. This expenditure includes the Tongass Timber Supply Fund plus other monies for road building and timber management. Including stumpage fees and all other money the Forest Service claims as receipts, the return to the federal Treasury amounted to only $32 million in this period. This is a gap of $354 million between expenditures and receipts. In other words, the Tongass timber program has cost American taxpayers an average of $50 million a year since the full implementation of ANILCA.

TONGASS TIMBER PROGRAM -- TOTAL EXPENDITURES AND RECEIPTS

year	expenditure	receipts	gap
1982	$82,144,000	$21,622,763	$60,521,237
1983	53,220,000	5,365,915	47,854,085
1984	50,590,000	4,063,188	46,526,812
1985	48,473,000	209,231	48,263,769
1986	53,081,000	1,967,239	51,113,761
1987	56,037,000	-2,033,575	58,070,575
1988	42,458,000	1,232,671	41,225,329
TOTAL	$386,003,000	$32,427,432	$353,575,568

AVERAGE GAP BETWEEN EXPENDITURES AND RECEIPTS PER YEAR: $50,510,795.

A General Accounting Office report (GAO/RCED-88-54) released last year confirms these numbers. GAO, however, chooses to apply the controversial new Forest Service accounting system to the Tongass. Thus, while the GAO readily admits that the difference between outlays and income in 1986 was $44.6 million, by amortizing the cost of roads over a hundred year period GAO concludes that the Forest Service lost "only" $22.1 million. Unfortunately, this method of accounting grossly overstates the usefulness of the roads being built on the Tongass while at the same time understating the cost the taxpayer is bearing.

Many of the roads built by the Forest Service are on uninhabited islands. After 20 years, they are choked with a thick growth of alder that precludes all travel along them by vehicle or by foot. Moreover, many of the rural Alaska communities in our region vehemently oppose development of local roads because of the profound changes they can bring to traditional ways of life. One such community, Tenakee Springs located on northern Chichagof Island, has been actively opposing the construction of such a Forest Service road since 1985. Last year, the Forest Service actually began condemnation proceedings in order to complete the road on city property!

Road building in also a "cost" to wildlife populations. The Alaska Department of Fish and Game has written:

> ...southeast Alaska has more linear miles of roads per square mile than any comparably sized part of Alaska....Why is this a problem? In a nutshell, unroaded islands have a built-in "refuge effect"; that is, more harvesting or disturbance of wildlife occurs only near the coast. Wildlife populations in the islands' interiors receive little pressure, and can replenish adjacent stocks that are more heavily impacted. Roads eliminate that effect. Roads mean more

> pressure on populations, and will generally mean more restrictive hunting and trapping regulations.

Clearly, the cost of the roads should be charged each year against the timber program since that is their primary use. Calling these roads "investments" for multiple-use is misleading since virtually all the roads in the Tongass are constructed for logging operations -- first and foremost. Hiding the true cost of logging in the Tongass is only an encouragement to the Forest Service to continue its policy of profligacy.

A major reason for this huge waste of taxpayers' money is that the Forest Service assumed timber demand and prices would stay constant at historic high levels. The 1979 Tongass Land Management Plan (TLMP) is founded on this assumption and the agency became locked in by the "450" timber supply goal language included in ANILCA Section 705(a). This assumption was a gross error. For example, between 1980 and 1984 the Forest Service made available 491 million board feet on the average, far in excess of the "450" timber supply goal. Because of mounting criticism the Forest Service reduced their annual timber sale offering, but from 1980-1986 they still had an average offering of 467 million board feet per year. According to the GAO, 47% of this timber was not purchased. The cost to the government of preparing these timber offerings that found no buyers was calculated by GAO at $131 million.

The Tongass Land Management Plan allowed for the offering of an average of 338 million board feet per year of "normal economic" timber, but despite the lack of demand, the agency still offered an annual average of 411 million board feet of this kind of timber. The Forest Service has never offered even close to the full amount of "marginal" timber it proposed to sell in the Tongass Plan. The GAO commented: "In retrospect, the Forest Service has not needed the added investment strategy to meet the reduced demand for Tongass timber....from 1982 through 1986 the Forest Service could have met total demand solely through its normal investment program."

Representatives of APC in Sitka and KPC cite that the rationale for ANILCA Sec. 705 was for the purpose of maintaining timber employment in the region at pre-1980 levels (peak years for both mills). However, despite the millions of dollars from the Fund, according to the GAO over 1200 jobs were lost from 1980 to 1986, primarily due to a poor market for pulp. At Congressional Oversight Hearings in May 1986, the Forest Service in response to questioning by Rep. Don Young stated, "Given the reduced demand for Alaska sawn products in export markets since 1981, no amount of ANILCA investments could have maintained the timber industry employment at historic levels."

Even today, despite the recent upward swing in demand for Tongass wood products, Tongass timber jobs are still well below 1980 levels. For instance, Forest Service figures released just two weeks ago in a draft report to Congress show that in 1988 the direct, full-time equivalent employment supported by the Tongass timber program totalled 1,781 -- far less than the GAO's 1980 figure of 2700 jobs.

S.346 would not eliminate the Tongass timber program. The program would still be funded through the annual Congressional appropriations process. Intensive management, or the Forest Service's "added investment" program for cutting marginal timber, could still continue. The Forest Service, in response to a question from this Committee last year, stated:

> The elimination of the permanent Tongass Timber Supply Fund appropriation would not necessarily mean more, or less, funding for the timber program or for any other resource program on the Forest. What the eleimination of the permanaent appropriation would mean is that the added inestments that were designed to offset some of

> the increased costs of bringing more marginal timber into the timber shceduled for harvest would be subject to annual review by the Congress. (S.Hrg. 100-548, page 490).

And, in fact, through actions of this Committee under a provision of the Budget Reconciliation Act of 1987, Tongass appropriations in FY89 and FY90 were temporarily brought under the regular appropriations process -- exactly in the way in which the Tongass would be treated under S.346. The Tongass timber program was maintained at more than adequate levels. Despite the dire predictions made by the pulp mills of the effects of allowing Congress to annually review the Forest Service budget, even the Alaska Senators have introduced legislation to restore Tongass budgets to the normal appropriations process.

THE 4.5 BILLION BOARD FOOT PER DECADE TIMBER SUPPLY GOAL IS ENVIRONMENTALLY UNSOUND. Economics aside, the "450" timber supply goal simply is not sustainable over the long-term without severe loss and impairment of critical fish and wildlife habitat. The current Tongass Land Management Plan, based on the 4.5 billion board feet per decade timber supply goal, calls for the annual clearcutting of 17,000 acres and construction of 285 miles of new roads each year. This will result in disruption of the subsistence economy and way of life, along with harsh impacts on sport hunting and fishing, tourism, commercial fishing, and recreation.

As a result of Sec. 705(a), the Forest Service has pursued the Tongass timber supply goal as if it were a mandate. This has resulted in the Tongass being managed in violation of the agency's own guidelines and policies, as well as federal laws. The current Tongass timber program has been found by federal courts to be out of compliance with the National Environmental Policy Act and the Alaska National Interest Lands Conservation Act. It is also out of compliance with the National Forest Management Act, the National Historic Preservation Act, the National Wild and Scenic Rivers Act as well as a myriad of regulations implementing these laws. Why? Because for over 30 years the Tongass has been managed for timber first, last, and always.

Repeal of the "450" directive would permit the Forest Service to take off its blinders and set allowable timber sale levels and pre-roading (now renamed "public works roads") targets in response to expected demand and in consideration of protecting important habitat. These actions would not limit the ability of timber operators to purchase ample volumes of timber, to operate wood processing facilities, or to employ Alaskans.

The GAO recommends that Congress amend Section 705 to "remove the rigid per decade requirement" of the 450. And the Forest Service itself, when asked by this committee if it advocated legislating harvest goals such as the one in Section 705 as a standard land management tool for the agency, replied:

> As a general rule, no. Legislation with specific management direction reduces our flexibility to respond to changing conditions. (S.Rpt. 100-548, page 487).

The agency also opposed a provision in last year's Idaho Wilderness Bill (S.2055) that would have set an annual allowable timber sale quantity, stating: "...we prefer that the Forest Plan establish both management prescriptions and allowable sale quantity (S.Hrg. 100-690, Pt.2, page 38)." This can only happen on the Tongass if this committee approves S.346, the Tongass Timber Reform Act.

ALASKANS OPPOSE THE 4.5 TIMBER SUPPLY GOAL. Most important of all from SEACC's point-of-view, the Congressionally written timber supply provision of ANILCA is opposed by many southeast Alaskans. Sixteen of the twenty-five communities in southeast Alaska , the "bush" communities directly effected by Tongass logging, have already passed resolutions supporting repeal of the 4.5 timber supply figure. These are communities that are dependent upon the fish and wildlife resources of the Tongass and are not dependent upon commercial timber cutting. In fact, the community stability of these villages is threatened by the Forest Service's large scale logging and road building programs. When the Forest Service speaks of "dependent communities", they only refer to logging dependent towns. The agency never expresses concern for villages that are dependent on Tongass resources but not on Tongass logging.

FISH AND WILDLIFE HABITAT THREATENED. As late as 1987, the timber industry and the Forest Service made claims that logging has had no negative effect on fish and wildlife since record salmon and deer harvests had occurred during recent years. A joint statement by southeast Alaska's commercial fishing groups to Congress in 1985 debunked these claims:

> The Forest Service argues that fish runs have increased during the last few years, even implying that improved run strength is due to forestry practices. Such statements are worse than misleading. For the Forest Service to take credit for the State of Alaska's much improved management practices, for a succession of exceptionally good years for salmon ocean survival, for the reduction of foreign fleet salmon interceptions on the high seas, and for catch reductions endured by Alaska fishermen in the name of conservation is an affront to the public and to the Congress ("Status of the Tongass National Forest," ANILCA Section 706(b) Report Number 1, U.S. Forest Service, April 1986, p. [illegible]

The depressed 1987 and 1988 pink salmon seasons are a stark example of how tenuous these "record harvests" may be. Because of a drought and lowered stream flow levels, pink salmon runs were some of the weakest in decades. The Alaska Department of Fish and Game was forced to close the season early, stating in a news release dated August 24, 1987: "If significant rain fall does not occur soon, major die-off of unspawned pink salmon are likely in several large drainages that have minimal stream cover due to logging." Coho salmon returned in far fewer numbers than predicted in 1988. After a couple of years of reduced catch levels of salmon, it is no surprise that the Forest Service has refused to shoulder the blame for these bad years.

Adverse impacts from logging and road building identified by the American Fisheries Society (a 115 year-old organization of professional fisheries scientists) include: 1) increased erosion and sedimentation with loss of habitat and smothering of aquatic organisms; 2) increased flooding with loss of fish and devastation of channel stability; 3) stream obstruction by logging debris; 4) major changes in stream temperatures which affect salmon survival; and 5) increased wind damage to riparian vegetation following removal of protective cover. Only the extremely depressed condition of the world timber market has kept many of the highest value fish habitat areas from being logged in the early 1980s. Scientists believe that the full effects along a stream are not evident until 15 to 80 years after logging and may continue for 150 years or more. The full effects of 30 years of runaway logging on the Tongass has not yet been felt on the region's streams.

Since this Committee's hearing on the Tongass in 1987, the National Marine Fisheries Service (NMFS) has issued a position statement for riparian habitat protection in Alaska. The scientists at NMFS call for a minimum streamside buffer zone of 30 meters (100 feet) -- free of logging -- on each side of all salmon streams and tributaries. Three months after NMFS issued its statement, Phil Janik, Forest Service director of fisheries and wildlife for the Alaska region, wrote a memo to forest supervisors rejecting the new policy, saying:

> It appears that the [NMFS] policy is more restrictive than the provisions in our regional aquatic habitat management handbook....Please continue to use the principles and provisions of the region's Handbook.

The same high-volume, old-growth timber stands which attract APC and KPC are also essential to the survival of the Sitka black-tailed deer. While good populations exist today, deer populations can fluctuate wildly depending on the severity of winter weather. Major cyclical die-offs occur with very regular frequency. The last event in 1971-72 devastated deer populations on Kuiu, Kupreanof, and Mitkof Islands. Continued cold weather and heavy snowfall this winter in southeast Alaska could severely impact deer populations. Because of the deepest accumulations of snow this decade, an emergency deer hunting closure has been imposed on the northern part of the Tongass (Admiralty, Baranof and Chichagof Islands) as deer have migrated away from the clearcuts and deep snow and onto beaches in a desperate search for food.

Old-growth timber shelters deer during deep snows, providing critical cover and important browse beneath the canopy of giant spruce and hemlocks. Second-growth timber, however, is worthless as deer habitat. In

15-20 years, an extremely dense stand of small trees grows up to block light from reaching the forest floor and results in virtually no browse growing under these tight thickets for the next 100 years. Since present Forest Service management calls for Tongass forests to be harvested at 100 year rotations, the result is permanent loss of deer habitat. Second-growth forests will account for 75-80% of the managed forest land in the Tongass at the end of the first 100 year rotation. By then one-half of the now critical available deer winter habitat will be permanently converted to managed second-growth and therefore lost. Deer populations will be severely reduced and even eliminated from certain places. Rural Alaskans who depend on venison for subsistence plus sport hunters will lose their most important game animal on the Tongass.

Grizzly bear populations, currently some of the healthiest left on earth, also are being battered by logging and road building in the Tongass. The State of Alaska's Board of Game last September was forced to make an emergency closure of the hunting season for grizzly bears on northeast Chichagof Island due to increased human activity and access due to heavy hunting along logging roads and killings at logging camp garbage dumps. Out of a population of 120 grizzly bears, 21 were killed in 1987 and 14 in 1988 before the emergency closure was imposed. In one incident four grizzly bears were shot or killed at an Alaska Pulp Corporation logging camp at Freshwater Bay on Chichagof Island where an open-air dump was used as a hunting site. APC had refused to build an incinerator at the site to prevent attracting grizzly bears. Scientists agree that the greatest threat to grizzly bears come from man's encroaching presence in the shrinking wilderness. Logging development surely will hasten the demise of our last great bear populations.

SEC. 705(A) AND THE CONTRACTS HAVE RESULTED IN SUBSISTENCE NEEDS BEING IGNORED. Under ANILCA Title VIII, the U.S. Congress expressly mandated that the Forest Service provide an analysis and protection of subsistence uses on the Tongass. However, what Title VIII gives, Sec. 705(a) and the two 50-year contracts take away. This is compounded by the fact that the Forest Service usually chooses to ignore subsistence needs. In almost every study the agency has concluded that there are no impacts on subsistence, and that there never have been. Subsistence users take serious exception to this analysis and conclusion. The 1986-90 EIS for APC's timber operating plan is an excellent example of the total disregard and total lack of understanding demonstrated by the Forest Service toward rural residents of the Tongass. Only after subsistence users successfully sued the Forest Service over the affects of logging and road building in the Hoonah area did the agency begin to hold subsistence hearings in affected communities as required by Title VIII. Further south on Prince of Wales Island, the KPC 1989-94 EIS is only slightly better -- solely because subsistence users have forced the Forest Service to try to address their concerns.

THE 50-YEAR CONTRACTS SHOULD BE TERMINATED AND REPLACED WITH SHORT-TERM TIMBER SALES. In order to remove the root of Tongass management problems, the two 50-year contracts must be terminated and replaced with a system of short-term sales and competitive bidding. A full two-thirds of Tongass timber is sold under these contracts, allowing the pulp mills to pick and choose the best timber from the forest without even having to bid against competitors.

Because of the provisions of ANILCA Sec. 705(a) and the two 50-year timber contracts, the Tongass is not even close to being managed for true multiple-use. As it has for the last 30 years, the Forest Service is still running an expansive private timber plantation for the two pulp mills on the public's land at great public expense -- in both taxpayer dollars and loss of public fish and wildlife resources. Along with the repeal of Sec. 705(a), termination of both contracts is environmentally and economically imperative.

Termination of the contracts would allow normal management flexibility for land allocations, would promote competitive bidding for all of the Tongass timber, and allow protection of key fish and wildlife habitat areas and subsistence resources. APC and KPC would still be able to buy timber, but they would no longer be allowed to totally dominate other timber operators, the Forest Service, and other forest resource users. The mills would also only be able to buy what they could reasonably utilize, just like every other purchaser of public timber on our vast national forest system.

THE 50-YEAR CONTRACTS HAVE A LONG HISTORY OF ABUSE. Signed over 30 years ago, the contracts are no longer in the best public interest, neither nationally nor for the region. The contracts were signed prior to the Multiple Use and Sustained Yield Act of 1960, the National Environmental Policy Act (NEPA) of 1969, and the National Forest Management Act (NFMA) of 1976. Management of public forest lands has changed dramatically since the 1950s, but the contracts remain virtually unchanged -- dinosaurs lumbering along in our great northern rainforest. Congress tried 13 years ago to fix this problem: Section 15(b) of NFMA specifically provided that the contracts be revised and brought into compliance with other provisions of NFMA. The Forest Service has failed to bring the contracts into compliance since passage of NFMA, despite the fact that in 1983 a Forest Service contract review team stated that portions of the contracts "severely restrict the agency from properly managing the forest covered by the contract allotments."

Unique to the National Forest System, the two 50-year contracts are the primary impediment to modern forest management on the Tongass. Throwbacks to the dark ages of forestry, the 50-year contracts were formulated in an effort to promote large-scale industrial forestry in Southeast Alaska to convert the priceless old-growth timber stands of the Tongass into pulp plantations. As many as four pulp mills were envisioned by the Forest Service's empire builders, utilizing virtually all of the commercial timber in the forest. As much as 98% of the old-growth, commercial forest was targeted for "liquidation", to use the actual phrase from an old forest plan. These contracts have outlived their usefulness.

In 1981, one year after passage of ANILCA, the Reid Brothers Logging Company won a judgement against both APC and KPC for conspiracy in restraint of trade and commerce and for monopolization of trade in the federal District Court for the Western District of Washington. The Ninth Circuit Court of Appeals and the U.S. Supreme Court supported the District Courts findings. The Court found that from their inception up until the day the Reids filed their suit in 1975 (a period of 16 years!), the two mills had acted as a monopoly -- and that the 50-year contracts were the basis of that monopoly. SEACC believes that if this guilty verdict had been handed down prior to NFMA and ANILCA, the contracts would have been canceled then, and ANILCA Section 705(a) would never have become law.

A Forest Service internal review team also found after passage of ANILCA that the two pulp mills cheated the Forest Service out of $60-$82 million by price-fixing, double-invoicing, and other illegal and deceptive practices. Though the Forest Service itself estimated this magnitude of loss, it has recovered less than $10 million from the pulp mills to this day.

Despite such underhanded activities, APC and KPC have been given additional special treatment by the Forest Service. In 1981 and 1982, under the terms of their sweetheart contracts, they were granted "emergency rate redeterminations" reducing stumpage prices (how much the companies pay for the timber). For KPC, all timber stumpage was reduced by 96%, bringing the price down to 1951 base rates (except for hemlock which sells for an average of $1.36 per thousand board feet). APC's stumpage payments for spruce and cedar were reduced by 99% to bring them down to 1956 base rates. For example, APC's spruce sawlogs were appraised at $215 per thousand board feet, but they now pay only $2.26 for that timber! The current selling value of prime Sitka spruce is estimated by the Forest Service to be over $600 per thousand board feet. Cedar appraised at over $1000 per thousand board feet is bought by APC for $1.22!

The pulp mills are currently pointing to increased demand for their products as examples of the fitness of the Tongass timber program. A January 1988 timber industry article in the Alaska Construction and Oil Magazine states that 1987 prices for "...Sitka spruce and especially hemlock lumber and log prices reached or exceeded record prices paid in the high-mark years of 1979 and early 1980." Yet under the terms of the 50-year contracts, the two mills continue to pay prices from 95 percent to 75 percent lower than stumpage fees in the late 1970s.

Today, APC continues to pay the base rate of an average of $2.00 per thousand board feet. KPC's rates were recently raised to about $50 per thousand board feet. However, in order to achieve this raise in stumpage fees, the Forest Service conceded to KPC an important and costly new contract provision which allows the company to cash out inoperative road credits. The net effect will be that KPC will continue to pay the lowest possible stumpage fees through the life of their contract.

Both 50-year contracts allows the pulp mills to "pick and choose" areas of harvest in the high-grade stands, leaving the stands of less valuable lower-grade timber. The end result is the cutting of only the best and most profitable big trees, which are also the most critical fish and wildlife habitat. But even that is not enough; now one of the pulp mills wants to be paid to log public land.

On January 17, 1987, APC filed a breach of contract claim against the Forest Service for over $80 million, claiming the agency had not satisfied the 50-year contract to supply the Sitka pulp mill with wood. In its claim the corporation states that during the period of 1981-85 the Forest Service denied timber selection rights, improperly withdrew timber land, and failed to provide economic and competitive timber as specified in the contract. The gist of the argument is that APC -- and not the Forest Service -- has the right to decide where to cut timber on the public lands of southeast Alaska. Furthermore, the mill argues, it deserves an $80 million "rebate" for "non-economic" timber it cut in the first half of this decade.

Because of the contract provisions, the Forest Service claims it has no discretion to decide whether or not to log areas on the Tongass. Because of the contract provisions, environmental impact statements on the Tongass are not studies, but have become hurdles or a gates the Forest Service must pass through. National Forest Management Act reforms remain an unrealized Congressional requirement. Critical deer habitat retention areas end up being the timber that is left over after the pulp mills lay out their clearcuts.

In the cloud-shrouded Tongass, nothing has changed: 30 years of evolution of the science of forest management have yet to break through the barrier of the 50-year contracts. The Forest Service apparently believes that unless Congress takes action they are committed, and we are destined, to trudge through the next 20 years of this public resource management tragedy. Clearly, something must be done. Despite the best efforts of Congress, the Courts, executive agencies, and the public to institute change, the business of the Tongass is still done as if this were the 1950s. As APC itself stated in its breach of contract claim, "one thing has remained unchanged, the fifty-year contracts on the Tongass."

First Chief of the Forest Service Gifford Pinchot's policy for dealing with corporations should be brought back to life. His words ring especially true in the case of these contracts:

> In the administration of the forest reserves it must be clearly borne in mind that all land is to be devoted to its most productive use for the permanent good of the whole people and not for the temporary benefit of individuals or companies.

Almost 30 years after the passage of the Multiple-Use and Sustained Yield Act, S.346 promises at last to bring multiple-use to the far-flung reaches of the Tongass.

HIGH-GRADING OF OLD GROWTH FOREST OF THE TONGASS. The industrial-scale timber program imposed on the Tongass with the signing of the 50-year contracts is founded on a pattern of logging the very best stands of high volume old growth forest. The pulp mills have profited greatly from this *de facto* policy. But the other hard-working citizens who depend on the Tongass like commercial fishermen, recreation business owners, subsistence users, and residents of southeast Alaska's rural communities stand to lose from this short-sighted policy. The pattern of high-grading is clear:

> Since 1950, over one-half of the highest volume old growth (greater than 50,000 board feet per acre in volume) has already been logged.
>
> Of the remaining highest volume timber, one-half will be logged by the end of the 50-year contracts in 20 years.
>
> The average volume cut on the Tongass before 1980 was 48,000 board feet per acre.
>
> The average volume naturally occurring on the Tongass is only 21,000 board feet per acre.
>
> The Tongass Land Management Plan called for cutting an average volume of 26,000 board feet per acre.
>
> The average volume actually cut from 1980 to 1986 was 54,000 board feet per acre.

The Forest Service claims it is not allowing the forest to be high-graded under TLMP or in practice. However, the Forest Service is making two very inappropriate assumptions implicit in this claim. First, TLMP cutting targets ignore the fact that one-half of the highest volume old growth was already logged from 1950 to the time the plan was implemented. Second, the Forest Service justifies targeting high volume old growth for clear cutting in excess of its natural occurrence on the forest by stating that the second growth forest will average more wood fiber per acre. While this may be true from a silvicultural or tree farm point of view, this assumption completely ignores the scientific evidence showing that the ecological diversity of high volume old growth stands cannot be replicated by second growth. The critical value of these high volume stands as the best fish and wildlife habitat will be permanently reduced.

SEACC SUPPORTS WILDERNESS FOR KEY FISH AND WILDLIFE AREAS. The Society of American Foresters has stated that "the best way to manage for old growth is to conserve an adequate supply of present stands and leave them alone." SEACC supports wilderness designation for additional key fish and wildlife, recreation and tourism, subsistence, and scientific research areas. Guaranteed safeguards afford more than the simple protection of land, habitat, and wildlife. They also protect the resource base for our fisheries and tourism industries and for the subsistence way of life. Permanent protection of the 23 areas in S.346 would honor both the wild spirit of this land which binds us to it, and its ability to sustain us through its support of our cash and subsistence economies.

S.346 provides only a temporary moratorium on logging and road building. This is the only weakness in the bill; however, we consider it to be a major one. We have lost faith in the ability and will of the Forest Service to fairly and objectively manage this forest. We consider a moratorium pending publication of the next Tongass Land Management Plan to be nothing more than a "stay of execution" for these extremely important areas.

SEACC believes that 22 of these areas deserve permanent protection by Congress as additions to the National Wilderness Preservation System. For the Yakutat Forelands we support a special management designation that would provide permanent protection from logging and road building while still permitting the significant existing level of motorized vehicle use required to support commercial fishing activities along the beaches and mouths of major fishing systems in the area to continue.

We will submit a full report of on our lands protection proposal for the Committee hearing record. We respectfully urge you to adopt these strengthening measures.

ALASKANS SUPPORT PERMANENT PROTECTION. As the giant pulp mills have logged more and more watersheds, the remaining river valleys possessing high-volume forests supporting "million dollar" salmon streams, habitat capable of supporting deer in harsh winters, bald eagles, grizzly bears and many other plant and animal species found in old growth have become more and more valued by residents of southeast Alaska. A number of key fisheries are on the chopping block in the Tongass, including Chuck River, Lisianski River, Kadashan River, Nutkwa River, several rivers along the Yakutat Forelands, and many others. Logging is not the only economic answer for our region. Keeping these key commercial fisheries intact and harvesting their fish, not their timber, makes the best common and economic sense over the long run. Currently in a natural state, they are among the top producing salmon streams in our region. Every year they produce millions of dollars of fish with little or no public expense.

Eight communities, including Pelican, Hydaburg, Tenakee Springs, Craig, Klawock, Sitka, Yakutat and Point Baker have gone on record supporting lasting protection from logging for fish and wildlife areas near them that are included in S.346. Sealaska Corporation, the regions' third largest logging company, supports protection from logging for seven Tongass moratorium areas on behalf of their 16,000 southeast Alaska Native shareholders. The United

Fishermen of Alaska, the state's largest fishermen's association, is on record supporting strong protection for their list of "priority fish habitat areas" which include most of the Tongass moratorium areas of S.346.

Despite its large size, only a small percentage (4%) of the Tongass National Forest supports high-volume old growth forest greater than 30,000 board feet per acre in volume. The 1980 wilderness designations protected an inadequate amount of this valuable, high volume old growth critical for fish and wildlife habitat. Only 28 percent of areas identified as high value for fisheries by the Forest Service are protected as wilderness. Only 30 percent of the Forest Service list of high value wildlife areas were included as wilderness in 1980.

KEY FISH AND WILDLIFE AREAS NEED PROTECTION BEFORE TLMP REVISION. Unless placed under a moratorium or permanently protected, many of the areas listed in S.346 will be obligated to the two pulp mills in three five-year operating plans. These operating plans will be finalized before the Tongass Land Management Plan revision is completed in 1991. At the very least the moratorium in S.346 will allow Congress to maintain the option of permanently protecting these areas after that time.

MORATORIUM AREAS HAVE A LONG HISTORY OF SUPPORT. The 23 areas listed for temporary protection in S.346 have a long history of support both in Congress and in Alaska. This history of support is summarized below:

Original H.R. 39 Wilderness Proposal (1977):

Chichagof (partial)
Yakutat Forelands
Young Lake

Voted by House of Representatives as Wilderness (1978):

- Chichagof (partial)
- Karta River
- Rocky Pass
- Young Lake

Senate Energy Committee Special Management Area Proposal (1978-79):

- Chichagof (partial: Idaho Inlet)
- Karta River
- Rocky Pass
- Pt. Adolphus / Mud Bay (partial)
- South Etolin Island
- West Duncan Canal
- Yakutat Forelands

U.S. Department of Agriculture Wilderness Study Proposal (1977-78):

- Karta River
- Outside Islands
- West Duncan Canal
- Yakutat Forelands

Forest Service Recommendation for Wilderness in TLMP (1979):

- Karta River
- South Etolin Island

Alaska State Department of Fish and Game Forest Habitat Integrity Plan Class 1 Area [recommendation "to reserve permanently for protection of fish and wildlife"] (1983):

- Anan Creek
- Berners Bay
- Kadashan
- Karta River
- Kegan Lake
- Mt. Calder / Mt. Holbrook
- Naha River
- Nutkwa River
- Sarkar Lakes
- West Duncan Canal
- Yakutat Forelands
- Young Lake

Sealaska Corporation Fisheries Habitat Preservation Recommendation (1989):

Chichagof
Chuck River
Kadashan
Karta River
Nutkwa River
Outside Islands
Yakutat Forelands

Alaska Community Support for Protection (1987-88):

Calder / Holbrook (Point Baker Community Association)
Chichagof (Cities of Pelican, Tenakee Springs, and Sitka)
Kadashan (Cities of Tenakee Springs and Sitka)
Nutkwa (City of Hydaburg)
Outside Islands (Cities of Klawock and Craig)
Rocky Pass (Point Baker Community Association)
South Kuiu (Point Baker Community Association)
Trap Bay (City of Tenakee Springs)
Yakutat Forelands (City of Yakutat)

United Fisherman of Alaska "priority fish habitat areas deserving protection" (1988):

Berners Bay
Calder /Holbrook
Chichagof
Chuck River
Kadashan
Karta River
Kegan Lake
Naha
Nutkwa
South Kuiu Island
Yakutat Forelands

Forest Service Research Natural Area (RNA) Proposals (1988):

- Anan Creek
- Berners Bay
- Calder / Holbrook
- Chichagof
- Chuck River
- Karta River
- Kegan Lake
- Nutkwa
- Pleasant Island
- Sarkar Lakes
- South Etolin Island
- Trap Bay
- West Duncan Canal
- Yakutat Forelands

AMPLE TIMBER AVAILABLE DURING MORATORIUM. By protecting the 23 key fish and wildlife areas until revision of TLMP, S.346 would temporarily reduce the amount of operable acres scheduled for cutting by TLMP by only 16 percent. And even if all 23 areas were permanently protected, the scheduled timber base volume would be reduced only 11 percent -- from 450 million board feet per year to 400 million board feet per year. This would actually permit an increase in existing Tongass-dependent timber jobs, since the average amount of timber cut from the Tongass from 1980 to 1988 was 285 million board feet per year. Even in the best market in this decade, Tongass timber harvests in 1988 were 331 million board feet.

Moreover, under S.346 the pulp mills would still have access to ample amounts of timber. For example, even after permanently protecting the 23 moratorium areas in S.346, 6.0 billion board feet of timber would remain in the timber base in APCs current contract area. Under the existing 50-year contract held by APC, the company is entitled to 2.5 billion board feet in the remainder of their contract period. Of course, under S.346 the Forest Service could put this timber up for competitive bid not just to APC -- but to any company that wished to bid.

In addition, alternative supplies of timber exist and have been used by the mills in the past. Both pulp mills can purchase timber from private (Native Corporation) lands, since Natives cut an average of 275 million board feet of timber every year. The mills have historically purchased timber from Canada, averaging about 35 million board feet per year but exceeding 60 million board feet in 1983 and 1984. Both mills can also bid on independent timber sales or buy timber from the independents who win the sales. In addition, because more timber has been made available than has been cut for the last eight years, there is a huge backlog of over one billion board feet of timber still available to cut. Finally, over 200 million board feet of beach logs that could and should be utilized litter the beaches of southeast Alaska.

Although a more than ample timber supply would be available under S.346, SEACC hopes the timber industry would take the opportunity of increased competition and good timber markets to reinvest in more value-added timber processing. In this way, it would be possible to utilize the same amount of timber or less and put more Alaskans to work.

MURKOWSKI TONGASS BILL IS INADEQUATE. Alaska Senators Frank Murkowski and Ted Stevens have introduced their own Tongass legislation this year. S.237, "A Bill to reform the Tongass Timber Supply Fund", will not solve the fiscal or environmental problems of the Tongass. It would force the Forest Service to adopt an allowable sale quantity (ASQ) calculated in 1979 for each new forest plan into the indefinite future. Because the words "allowable sale quantity" constitute a term of art from both the appropriations process and forest planning regulations, S.237 is even more inflexible than the original Section 705 language. Regardless of new scientific information, natural catastrophes, major changes in the world economy or the Alaska timber industry, or new national laws regarding forest management, each new Forest Service plan governing the uses of the Tongass would be locked in at keeping 4.5 billion board feet of timber on the chopping block each decade.

A 1988 General Accounting Office (GAO) report jointly requested by Senators Stevens and Proxmire found that becuase of the 4.5 billion board foot timber supply provision of Section 705(a), the Forest Service wasted $131 million from 1981 to 1986 for timber sales that found no buyers. That is why the GAO recommended that the law be modified to remove the "rigid per decade requirement."

By Congressionally dictating a timber base of economic and uneconomic timber and leaving the 50-year contracts intact, Murkowski's bill guarantees that: 1) the pulp mills will continue to concentrate cutting in the best, high-volume stands of the forest yet pay stumpage based on the average quality of timber contained in the sale areas; 2) two-thirds of Tongass timber will be sold without competitive bidding well into the next century. S.237 prevents the Forest Service from considering alternatives other than retaining the current industrial tree farm management program of the Tongass.

By not protecting any additional fish and wildlife habitat, the Alaska Seantors' bill assures serious long-term reductions in fish and wildlife populations coupled with associated negative impacts on commercial fishing, tourism and recreation, and subsistence hunting and fishing. As long as the rigid 4.5 language persists in law, there can be no real change, no fair planning in the TLMP Revision, and no true balanced management of the Tongass for all its multiple uses.

II. THE TONGASS TIMBER REFORM ACT -- SETTING THE RECORD STRAIGHT.

TERMINATING THE 50-YEAR CONTRACTS IS NOT A BREACH OF CONTRACT. The essence of the 50-year contracts is the right to monopolize federal timber. S.346 does not take away the rights of the mills to buy federal timber but instead simply changes the procedure by which government supplies that timber. Termination of the contracts does not amount to a property taking since the government is exercising its implicit right to pass laws which alter or even terminate contracts if it serves a legitimate public purpose. Because of this "sovereign act exception," such government termination is not a breach of contract. Just over ten years ago Congress terminated seven timber sales contracts in order to expand Minnesota's Boundary Waters Canoe Area Wilderness. A reviewing court found that termination served a legitimate public purpose and was not a breach of those contracts.

"JUST COMPENSATION" IS A CONGRESSIONAL OPTION -- NOT AN OBLIGATION. Congress may provide, if it chooses, "just compensation" to the pulp mills in accordance with the Fifth Amendment of the Constitution. In examining the issues associated with terminating the two 50-year contracts, the Congressional Research Service concluded in a 1987 study that such an action would likely be upheld as a legitimate, non-compensable regulatory action. Should Congress voluntarily decide to compensate the pulp mills, CRS estimated a range of payments from $21 to $150 million. Subsequent events, such as changes in KPC's timber payments would actually lower that figure.

Attempting to link the action contemplated in S.346 with the California Redwoods "buyout" is also inaccurate. Congressman George Miller clarified this point during the House floor debate on the Tongass last year:

> When we had the Redwoods legislation before us, the Federal Government was going in and condemning and purchasing private property. This is not private property. The Tongass is a public resource. The owners of these two pulp mills may think this is their private property because they have run it as their private property....

S.346 WILL AID THE TONGASS LAND MANAGEMENT PLAN REVISION. Opponents of Tongass reform including the Forest Service have asked Congress to wait until the completion of the TLMP revision in 1991 before making any changes in the Tongass timber program. As stated previously, many of the areas that S.346 seeks to protect temporarily will be obligated to the two pulp mills before completion of the TLMP revision. Therefore, the bill actually ensures that public comment from the people of southeast Alaska about these areas is meaningful and not after-the-fact. As K.J. Metcalf, U.S. Forest Service team leader for the first phase of the original TLMP, stated before this Committee in 1987:

> Removal of the inflexible 450 million board feet per year timber supply goal will untie the hands of agency professionals. The revision will be a better product as a result.

K.J is retired after 20 years of distinguished service with the Forest Service and is now a director of SEACC. I have attached a letter he wrote explaining why S.346 must be passed in order to make the TLMP revision meaningful. He accurately summarizes SEACC's own conclusions:

> The Forest Service urges us to wait until the "new" Tongass Plan is completed (most likely in 1994) before we push for any major reforms in Tongass management; that course of inaction assures there will be precious little left to reform.

S.346 IS JOB NEUTRAL. Passage of S.346 will have no effect on the number of jobs in the Tongass-dependent timber industry of southeast Alaska. The GAO states: "The employment goal of Section 705(a) of ANILCA and the Tongass Land Management Plan...has not been achieved." Each time the pulp mills have faced Congressional efforts at reform, they have responded in the same manner -- by blackmailing the public and Congress with the specter of job losses or mill closures.

For example, in 1973 mill officials threatened cutbacks and shutdowns if environmental impact statements were required in the Tongass. In 1976, KPC announced it would close by July 1, 1977 if the EPA insisted on enforcing the same pollution standards used for every other pulp mill in the country. During the Alaska Lands Act debates in 1979 and 1980, the mills argued that wilderness designations would cause them to shut down if Congress did not grant them special funding and timber supply provisions of Section 705. Throughout the early 1980s the pulp mills threatened to leave if pollution waivers, labor union wage cuts, and relaxed logging regulations were not granted. As late as 1985, Senator Ted Stevens told the Juneau Empire that APC would shut down if Congress did not approve a special grant to install the pollution equipment required of every other mill in the country.

The timber industry also has exaggerated the number of jobs in the industry. According to a Forest Service report to Congress released two weeks ago in draft form, 1781 people were employed directly in Tongass timbering.

This is far less than direct employment levels in commercial fishing (3400) or tourism (3500) in southeast Alaska -- and still 1000 timber jobs less than in 1980. Industry claims of over 4000 direct Tongass timber jobs in recent hearings in Congress are quite inaccurate. They often also include hundreds of Forest Service employees in the totals.

S.346 WILL NOT HURT THE "INDEPENDENT" LOGGERS ON THE TONGASS. In perhaps the most cynical argument used to attack Tongass reform, the pulp mills have claimed that the bill would negatively affect "independent" loggers on the forest. For example, Mr. Jim Clark, attorney for and vice president of APC, last year claimed in the Wrangell Sentinel newspaper that small independent operators would be at risk by passage of last year's Tongass Timber Reform Act. Clark used the Wrangell Forest Products (WFP) mill operated by Mr. Steve Seley as his prime example. The Wrangell mill is owned by the Alaska Pulp Company and leased by Seley. It acts as the sawmill for APC's contract area. At least 50% of the Wrangell mill's production is from APC's contract. Recently, when Seley tried to buy the mill in conjunction with Sealaska Corporation, APC "bought out" Seley's lease and hired him to manage the mill. The headline of an article in the Wrangell Sentinel read: "Sealaska official: 50-year contracts stop WFP deal."

Additionally, it is ironic that one of the same two pulp mills found guilty of anti-trust violations in 1981 and of putting several small independent operators out of business, should now be so concerned over the future of independent operators. Here is how Martha Reid, whose family's logging company successfully sued the giant pulp mills in the landmark Reid

Brothers case, describes the pulp mills action towards truly independent loggers:

> We were angry. We could see what was happening to all of our friends. We were the last ones to go down. What they would do is pay them for their logs and then after they had gotten them going, they would pay them less than they knew it cost to log--deliberately--to make them go broke. Then, they would take the outfit over, hire the person who owned it as a manager and continue to pretend that it was an independent logging firm. For political reasons it was important for the companies to have that image.

Don Finney, now the general manager of the Alaska Loggers Association, was the man who terminated the Reid Brothers contract with the Ketchikan pulp mill. Finney also wrote the infamous "smoking gun" memorandum in 1974 proposing to divide up the forest between the two pulp mills in order to prevent "outside" interests from competing with them. This memo was a key piece of evidence used in by the federal court to convict the two pulp mills in the Reid Brothers case. Today, the two pulp mills and their subsidiary sawmills make up about 80% of the mill capacity of Southeast Alaska and consume approximately 90% of the logs processed in the region.

SEACC NEVER AGREED TO A "DEAL" IN 1980. One frequently heard claim is that ANILCA Section 705 was a great compromise which the environmental community is now going back on -- that "a deal is a deal." The language of Section 705 was never reviewed by any congressional committees, nor subject to any hearings despite four years of intense Congressional action leading up to passage of ANILCA in 1980.

SEACC never agreed to Section 705 in 1980. We consistently spoke out against this section at the time. For instance, the SEACC Board of

Directors stated in a press release dated October 26, 1980: "After deliberation, we have unanimously voted to publicly oppose the present bill. We feel that Section 705 is disastrous to the long term management of the Tongass." It was bad law then, and it is bad law now.

By contrast, the pulp mills were quite pleased with the "compromise" in 1980. Looking back at Section 705 five years after enactment, Mr. Jim Clark, the primary lobbyist for APC (both then and now), stated in a southeast Alaska newspaper: "In 1980, it looked as though we had won. So, the question is, what has gone wrong?". Clark knew that Section 705 was indeed a good "deal" for APC and KPC. Their contract areas were almost untouched by ANILCA's wilderness designations, and in the few cases where they were affected an equal amount of "substitute timber" was granted under Section 1315(e). When asked by the Senate Energy Committee if Tongass wilderness "adversely affected the timber base in the contract area of the two mills", the Forest Service replied: "No. Only the Alaska Pulp Corporation contract was affected by the Wilderness designations in ANILCA....in accordance with ANILCA Section 1315(e) we have provided Alaska Pulp Corporation with substitute timber '---approximately equal in volume , species, grade and accessibility---'." (S.Rpt. 100-548, page 491).

THE TONGASS TIMBER SUPPLY FUND IS NOT A "WILDERNESS SUBSIDY". The Alaska delegation and the timber industry claim that the Tongass Timber Supply Fund is a "wilderness subsidy". They claim because the "Alaska Lands Act excluded lumbermen from working in much of the best Tongass forests."

Wilderness designations have had no negative effect on the ability of the Forest Service to meet timber demand. In 1985 the Forest Service stated in a letter to Senator Stevens: "The statement that the most productive areas of the Tongass were included in the wilderness designations is unfounded." Seventy-four percent (74%) of the 5.5 million acres of officially designated Tongass wilderness is rock, ice, tundra, or scrub timber. Ninety-one percent (91%) of the wilderness acreage is not suitable for timber harvest. In fact, less than one and one-half percent (80,000 acres) of designated Tongass wilderness is considered to be commercially important timber (over 30,000 board feet per acre) that meets the Forest Service criteria for harvest. This hardly excludes logging from much of the best forests.

CONCLUSION

The comprehensive reform package of S.346, the Tongass Timber Reform Act, is imperative for the survival of the forest's old-growth trees, fish, and wildlife. It is also imperative for preserving the community stability and way of life of the people of this region who depend on a living old growth forest rather than clearcuts. Over and over, the Forest Service has clearly shown itself incapable of making the changes necessary to bring about enlightened management of the Tongass. The agency is unwilling to unable to drag itself into the 1990s and reject its Tongass tree-farm mentality.

SEACC strongly supports S.346 and urges its swift passage. We also support strengthening amendments to the bill to permanently protect the 23 critical fish and wildlife areas currently listed in the bill. Thank you for this opportunity to testify before the Senate Energy and Natural Resources Committee.

Sitka Sentinel 1/28/88 [WHY NOT WAIT TILL THE TLMP REVISION?]

Forest Planning Support

Dear Editor: I am responding to recent letter from Tony Gasbarro, of the Alaska Chapter of the Society of American Foresters (SAF). The letter urged citizens to support the planning process for the Revision of the Tongass Land Management Plan. Mr. Gasbarro claimed that current reform legislation before Congress would interfere with this planning process. He also warned that such legislation was dangerous since it would interfere with the professional management of the Tongass, as well as the entire National Forest System.

I support forest planning. I support the Tongass Timber Reform Act which would return the funding of the Tongass management to annual appropriations and repeal the 450 million board feet per year timber supply goal. I also support the Alaskan Timber Contract Modification Act which would cancel the 50 year contract with the two pulp mills and return the timber program back to a system of short term competitively bid sales. In short, I support these reform measures for the very reasons that SAF opposes them.

I worked for the Tongass National Forest for over 20 years. I was the team leader for the Southeast Area Guide, the first phase of the original Tongass Land Management Plan. I know the Forest Service and I know the planning process.

The Forest Service is burdened with timber harvest levels dictated by the two 50 year contracts plus the mandated 450 million board foot annual timber supply target written into the Alaska Lands Act. No other national forest has these types of timber mandates. The key to enlightened timber harvest of the Tongass is rather straight forward — cut timber only to the extent that the other values or resources of the forest are not damaged or destroyed, but, sad to say, that's not what is happening on the Tongass.

Tongass Forest planning can only work when decisions on timber harvest levels are based on the capability of the land — not on the economic and political dictates of man. SAF urges us to wait until the "new" Tongass Plan is completed (most likely in 1994) before we push for any major reforms in Tongass mangement; that course of inaction assures there will be precious little left to reform.

I recently testified before members of the U.S. Senate. I made it clear that proponents of the Tongass Timber Reform Act are not trying to stop the revision of the Tongass Plan. The fact is that the Tongass Timber Reform Act will assist the completion of the revision and help the Forest Service planning effort. Removal of the inflexible "450" million board feet per year timber supply goal will untie the hands of the agency professionals. The revision will be a better product as a result.

As things stand right now, no matter how much effort the Forest Service puts into this revision, no matter how much money it takes, no matter how much public involvement is solicited, the answers will still be the same — the 450 is viewed as a mandate, the 50 year contracts are viewed as a mandate, the mission to cut timber is viewed as a mandate. Unless the law and the contracts are changed, the revision will bring no real change and will fail.

The SAF fails to mention the position of the American Forestry Association, whose members included agency professionals, college professors and even a former chief of the Forest Service. In 1987, the American Forestry Association made an important statement in Congress concerning the Tongass Timber Reform Act. While supporting the proposed legislation as a "start towards more rational management," they said the following:

"...when a forest's direction has been set by legislation it is far too inflexible to be practical. If nothing else, the furor of the Tongass debate proves that. We think it also proves a principle — dictating the management details of any national forest by federal legislation is doomed to failure.

"The American Forestry Association believes the timber management program on the Tongass should be developed on the basis of the resource capacity of the forest...The Tongass timber program should not be directed by Congressional mandate, any more than any other national forest should be."

I believe that passage of the Tongass Timber Reform Act would make the basic changes needed to begin bringing Tongass forest planning more in line with the planning programs of the other 155 national forests in our country. Rather than setting some kind of "undesirable precedent," as claimed by SAF, the Tongass Timber Reform Act would truly benefit the planning process for our largest national forest.

One final point should be made. The Alaska Chapter of the Society of American Foresters is made up primarily of Forest Service employees. The Forest Service has been stonewalling efforts to reform the management of the Tongass National Forest. It is the Forest Service that, for the last five years, has stated in print and in Congressional testimony that there are no problems on the Tongass!

K.J. Metcalf
Angoon

THE WILDERNESS SOCIETY

STATEMENT OF GAYLORD NELSON, THE WILDERNESS SOCIETY, ON THE TONGASS TIMBER REFORM ACT BEFORE THE COMMITTEE ON ENERGY AND NATURAL RESOURCES

FEBRUARY 28, 1989

Mr. Chairman, members of the Committee, I am Gaylord Nelson, Counselor of The Wilderness Society.

My statement is in support of S. 346, the Tongass Timber Reform Act. The Wilderness Society strongly believes that it is imperative this bipartisan reform measure be enacted to save both important natural resources and taxpayer dollars.

Summary

The Wilderness Society conducted a two-year study of the status of the Tongass National Forest in southeast Alaska. Based on the study which addresses the environmental and economic consequences of federal timber management on the Tongass, we conclude:

- Large scale timbering on the Tongass is indefensible by any economic measure.
- Timber job opportunities in southeast Alaska cannot be maintained despite increasing federal subsidies provided pursuant to Section 705 of the Alaska National Interest Lands Conservation Act of 1980 (ANILCA).
- High levels of logging and roading on the Tongass will ultimately destroy a major portion of one of the last remaining temperate rain forests on the planet.
- Wildlife and traditional subsistence lifestyles will be lost, salmon fisheries degraded, and recreation and tourism values and related employment diminished, if the current timber program remains in place.
- Long-term timber sale contracts make sound planning and management for the future of national forest lands impossible.

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- Long-term timber sale contracts do not comply with the guidelines and standards of the 1976 National Forest Management Act (NFMA), even though Section 15(b) of NFMA directed the Forest Service to renegotiate the contracts to implement necessary changes.

- Long-term timber sale contracts have given two pulp mills monopoly power in the southeast Alaska timber industry.

- Long-term timber sale contracts fail to allow a fair financial return to the United States treasury for the sale of Tongass timber.

- New, short-term timber sale purchasers suffer competitive disadvantages as a result of the exceptional provisions provided two timber companies by long-term timber sale contracts.

- The federal government has the necessary authority to to terminate long-term timber sale contracts to achieve better forest management of the Tongass, promote fair competition in the southeast Alaska timber market, and to assure a fair return to the United States treasury from the sale of Tongass timber.

For most of this century the Forest Service has attempted -- without success -- to establish a viable timber industry in Southeast Alaska. The laudable objective has been to create jobs and boost the economy. In the 1950s, the Forest Service persuaded two timber companies to build pulp mills in the region by offering them exceedingly generous terms. The inducements were exclusive 50-year contracts guaranteeing them the right to select the best timber at "favorable prices." In practice this has meant heavily subsidized timber paid for by the taxpayer. The availability of timber subsidized by the government is the key factor that encourages the continuation of large scale timbering on the Tongass.

As part of the continuing effort to create a "forced" timber program in the region, an amendment to the 1980 Alaska Lands Act (ANILCA) provided the Forest Service with an open-ended appropriation of "at least $40,000,000 annually" to enable the Forest Service to supply 4.5 billion board feet of timber per decade to "dependent industry." The Forest Service interprets this provision (incorrectly, we believe) as a congressional directive to spend the money building logging roads and preparing timber sales even when there are not buyers. They have spent millions doing just that. For the past eight years they have sold less than 50 percent of the timber offered for sale.

During the eight-year period 1981-1988, the Tongass Timber Supply Fund created as a result of Section 705 of the Alaska Lands Act has cost the taxpayer a grand total of $393 million and total Tongass timber program deficits rising to more than $50 million a year in 1983 through 1987. Stated differently, the Tongass timber program lost 93 cents for every dollar spent in 1984 and 99 cents in 1985, 1986, and 1987. In 1988, "record" high year for Tongass timber, the loss to the Treasury was still 85 cents on the dollar.

In 1986, while the Tongass timber program was spending more than $50 million of taxpayer funds, total annual cash receipts were about $82,000. That means that 1986 timber receipts covered timber expenditures for less than four hours of the first day of the fiscal year. For the year, the taxpayer lost 99.8 cents for every dollar spent.

Matters only worsened in 1987, when there were no cash returns from the Tongass timber program. Incredibly, that year the taxpayer lost more than 100 cents for every dollar spent, because of cash refunds to timber purchasers under the terms of the 1984 Federal Timber Contract Modification Act.

If current annual loss rates continue, the Tongass timber program will lose more than half a billion dollars in the next ten years.

In its 1985 Section 706 (b) Report to Congress, the Forest Service projected long term continued losses on timber sales from the forest. Assuming a continuance of current market conditions, the Forest Service predicted losses totalling $4.74 billion over the next five decades, or about $90 million per year on average. Under the most optimistic -- and, most unlikely -- forecast, assuming high timber product prices and strong market demand, the Forest Service projected agency and industry losses of $898 million in current dollars over the next five decades.

It is argued by the Southeast Alaska pulp companies and others that a variety of special circumstances has contributed to the Tongass timber problems in the past eight years, including the withdrawal of prime timberland for wilderness, "softening of international markets due to a world-wide recession," and competition from privately-owned Native forest lands.

While some of these events have exacerbated the situation, they were not the fundamental cause of the current uneconomic timber program on the Tongass. The Tongass timber program was in place and losing money long before any wilderness was set aside, before international markets weakened, and before Native-owned timber came into competition.

Indeed, during the period of high demand, employment, and prices -- 1977 through 1980 -- the Forest Service still lost money, to the tune of $74 million, on timber sales from the Tongass. After Section 705 of the Alaska Lands Act gave the Forest Service a "blank check," timber sale deficits have grown steadily. These expenditures, however, have not been able to alter the reality of falling market demand and falling employment. Despite all the timber program expenditures, forty percent of the Tongass dependent timber employment has been lost since 1980.

The argument that the designation of some prime timber land as wilderness has contributed to the timber industry problems of the past eight years is not substantiated by the facts. Of the 100,000 acres of timber in the highest volume class (50 thousand board feet per acre or more) on the Tongass, only nine percent has been set aside in either wilderness or roadless designations. In its draft 1986 Section 706 (b) report to Congress on the status of the Tongass circulated for public review last year, the Forest Service stated "...the anticipated increased dependence on the low volume classes and areas requiring special harvesting technology [resulting from wilderness designations] has not occurred during the 1980 through 1984 period, nor has there been any apparent restriction on access to harvest units as a result of wilderness designations."

Moreover, this result is perfectly consistent with the Forest Service's 1979 Tongass Land Management Plan, which stated that "...amount of land allocated to [the timber base] contains...the lion's share of operable commercial forest land. This is important to consider since it indicated that diminishing returns can be expected from allocation of more areas to [the timber base]." There has never been, and there is not presently, a shortage of timber to harvest in Southeast Alaska.

Changing market conditions, competition from other suppliers, substitute products, and increasing costs to access timber make a compelling case that timbering on the Tongass under Section 705 of the Alaska Lands Act will become even more costly in the future than it has been in the past.

For these reasons, The Wilderness Society recommends that Congress enact S. 346 and repeal Sections 705(a) and (d) of the Alaska Lands Act. The Tongass is the only national forest in the country rigidly bound by a timber supply goal and a permanent appropriation specified in law. It is also the only national forest that is exempt from the requirement that the Forest Service identify lands not suitable for timber production and withdraw such lands from production.

Enacting S. 346 would have the following consequences:

- It would facilitate better planning and management for both timber and non-timber resources on the Tongass.
- It would allow the Forest Service to manage the Tongass' vast resources to fully support the fishing and tourism industries that are threatened by logging. Salmon fisheries and scenic beauty, important non-timber resources and subsistence rights of Southeast Alaskan residents would no longer be subordinate to timber.
- Future timber harvest goals would be set according to the best available information, consistent with the National Forest Management Act (NFMA).
- Future Tongass timber budgets would be consistent with the fiscal priorities of the nation.

Enacting S. 346 would simultaneously save taxpayer dollars, protect environmental quality, and enhance the long-term prosperity and stability of the region.

The other measure pending before the Committee, S. 327, is completely without merit. It distorts the necessary reforms for the Tongass. In fact as we explain below, S. 327 would lock in the status quo, preclude a timber program based on the best available information and consistent with the NFMA, increase the pressure on scarce wildlife and fishery resources, and damage the regional economy. If enacted, S. 327 would not only frustrate the reform movement on the Tongass, it would convert the forest into a single use tree farm sacrificing one of the last largely intact rain forests in the world's temperate latitudes.

The Timber Economy of Southeast Alaska

Southeast Alaska is a 500-mile panhandle running along the Pacific Ocean. Its spectacular natural beauty, waterways and fjords, coastal rain forests, glaciers, and abundant fish and wildlife are world renowned. In this area, somewhat larger than South Carolina, there are only 60,000 residents. Approximately 70 percent live in three cities -- Juneau, Ketchikan and Sitka.

In 1983, there were slightly more than 31,000 full-time equivalent jobs in southeast Alaska. With the state's capital, Juneau, located in the region, government jobs account for about 35 percent of employment. Although the region was settled by fur traders and gold miners, industries dependent on the extraction of these commodities no longer dominate the economy.

Today, the most important commodity-based industries, timber and fishing, each account for ten percent of employment. On the other hand, tourism is the region's fastest-growing industry. Tourism-related employment has doubled since 1970 and now provides about thirteen percent of the full-time equivalent jobs in the region.

At the turn of the century, the federal government began seeking to use timber -- primarily Sitka spruce and hemlock -- from the Tongass National Forest to provide jobs and promote economic development in southeast Alaska. The notion of creating a "forced" wood products economy in southeast Alaska originated with the Forest Service and, over time, has been institutionalized to serve the interests of that agency. Since 1980 and the enactment of Section 705 of the Alaska National Interest Lands conservation Act (ANILCA), the Congress has been indirectly involved in supporting the agency's plan to convert the Tongass National Forest into a tree farm without regard to the costs to the taxpayer or the environment.

As early as 1910, the Forest Service proclaimed that the "timber would be cut and utilized as soon as possible" and that a pulp industry was the most desirable use for the region's timber resources. Ultimately, after several failed attempts over a 40-year period, the Forest Service succeeded in awarding two long-term timber contracts on the Tongass. These 50-year contracts, now held by Louisiana Pacific Corporation and Alaska Pulp Corporation, feature guaranteed supplies of timber at low stumpage fees in exchange for a commitment to construct and operate pulp mills in Ketchikan and Sitka and to develop roads and other facilities in Southeast.

When Congress enacted ANILCA, Section 705 established a goal of supplying 4.5 billion board feet of timber per decade from the Tongass to "dependent industry." This provision also provided an open-ended appropriation of "at least $40 million annually or as much as the Secretary of Agriculture finds is necessary" to achieve the timber supply goal. Furthermore, the act exempted this special funding from the annual appropriations process in Congress and from deferral or rescission by the Administration.

Section 705 of ANILCA is the only instance where Congress has intervened in the forest planning process established by the National Forest Management Act of 1976 to set a timber sale goal for a national forest. The Section 705 funding mechanism, the Tongass Timber Supply Fund, is also the only national forest timber budget that is exempt from the annual appropriations process.

In effect, the timber supply goal and funding specified in Section 705 of the act ratified the Forest Service's 1979 Tongass Land Management Plan. As implemented by the Forest Service, Section 705 has become an irrational and unaccountable policy of excessive logging and roadbuilding and waste of taxpayer dollars.

At this point it is important to distinguish S. 346 (introduced by Senator Wirth and 18 co-sponsors) and the measure introduced by the Alaska Senate delegation. S. 327. The bipartisan Tongass Timber Reform Act, S. 346, repeals Section 705 (a) and Section 705 (d). It allows the Tongass to be managed as every other national forest. It restores the flexibility for supplying timber under a variety of market conditions.

S. 327 does just the opposite. In fact, it flies in the face of the General Accounting Office's (GAO) recommendation that fundamental changes were needed in Section 705.[1] In fact, S. 327 retains the rigid per-decade requirement for supplying timber from the Tongass that GAO found resulted in the Forest Service spending $131 million (1981 to 1986) for timber sale preparation and added investments to provide timber that was not needed to meet demand.[2] Instead of following the common sense advice of GAO, S. 327 would lock the Forest Service into the inflexible position of continuing to prepare and offer timber that it cannot sell.

The tale of the timber industry in southeast Alaska is really a story about social policy and institutional interests -- a well-intentioned, systematic effort to exploit the region's natural endowment of trees to provide year-round jobs, maximum value added in the local economy, and viable communities. It provides convincing evidence of the federal government's ability to administer and legislate supply-side incentives, such as access to publicly owned timber and subsidized infrastructure. However, it also demonstrates that the government cannot regulate major changes in market demand and social priorities.

As a result, carefully crafted supply-side incentives have become very costly and have failed to achieve their original goals. Since passage of the Alaska Lands Act (ANILCA) eight years ago, taxpayer losses on Tongass timber have risen to more than $60 million a year and Tongass dependent timber jobs have declined by as much as 48 percent. In 1988, Tongass dependent timber employment was still 26 percent below pre-ANILCA levels at 1900 jobs.

The Tongass, however, is by no means the only example of taxpayer losses on national forest commodity programs. The problem is a general one for the National Forest System. According to the Office of Management and Budget, "Forest Service costs for timber and mineral activities exceeded the federal share of receipts by $621 million in 1985."

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[1]. Tongass National Forest: Timber Provisions of the Alaska Lands Act Needs Clarification, GAO/RCED-88-54, April, 1988. Report to Congressional Requesters, Senator Ted Stevens and Senator William Proxmire, page 38.

[2]. Supra., at 30.

The Tongass is simply the most egregious example of this supply-side commodity policy. Through the timber supply goal and the Tongass Timber Supply Fund, Congress has given the agency a "blank check" to pursue its institutional interests regardless of the costs to the taxpayer or the regional economy.

What these supply-side incentives have created are vested interests on the part of the Forest Service and two large pulp companies in perpetuating current policy. These interests now impede the process of change needed to achieve a sustainable regional economy and to protect the environment.

S. 346 represents bona fide reform by repealing Section 705 (a) and Section 705 (d) removing supply-side incentives from Tongass management saving both taxpayer dollars and precious natural resources.

Timber Mining

It is apparent that there is no reasonable possibility of "managed" tree farming -- in the economic sense -- in southeast Alaska. The region is simply not economically suited for sustained, large-scale timber production because trees grow slowly compared to other timber producing regions, production costs are very high, and markets for southeast Alaska's wood products are likely to remain weak in the foreseeable future. Under such unfavorable conditions, the rate of return on timber investments over the planned rotation of 100 to 120 years is unequivocally negative.

The uneconomic nature of large scale timber harvesting is exacerbated by the hidden losses imposed by the pick and choose method of harvesting currently practiced by the long-term contract holders. This practice allows the contract holder to harvest only the most valuable timber stands, thus taking the better quality timber than was actually paid for in its appraisal of timber by the Forest Service. This practice allows the long-term contract holder access to the most valuable stands -- and, incidentally those stands with the highest value for wildlife and fishery habitat protection -- in quantities that are far in excess of their natural occurrence by volume class per acre and species mix in the Tongass commercial forest land base. This "high-grading" of the forest allows the long-term purchasers to retain the unharvested low volume timber, using these stands to reduce future timber appraisals.

Logging in southeast Alaska means cutting the remaining coastal old-growth rain forest. Official Forest Service statements notwithstanding, managed tree farming is simply not a viable option.

The only real economic questions facing Forest Service timber managers are: How much, if any of the remaining old-growth forest should be mined? And, at what rate should timber mining occur?

The long-term sustained yield calculations by the Forest Service to support future timber rotations should be seen for what they are: rationalizations for federal government spending to expand the Forest Service's timber program budget and to subsidize the pulp companies in southeast Alaska.

Given the scarcity of temperate zone rain forests, their potential scientific and economic value as an undisturbed ecosystem, and their importance to fishing and tourism jobs and traditional ways of life in southeast Alaska, it would be reasonable to expect very little logging on the Tongass. Instead, public policy perpetuates an obsolete notion -- high levels of logging on the Tongass to support a pulp industry.

Pulp Companies and Market Structure

The Forest Service's long-standing effort to establish a major wood product's industry in southeast Alaska did not bear fruit until the 1950s, when it was able to induce two companies to build pulp mills in Ketchikan and Sitka. The mills came only after the Forest Service created exclusive "working circles" from which each company was guaranteed timber supplies under exceptionally attractive pricing and operating provisions. The first of the 50-year contracts,now held by the Louisiana Pacific Corporation, obligates 8.3 billion board feet of timber and expires in 2004. A second 50-year contract, now held by the Alaska Pulp Corporation, obligates 5.0 billion board feet and expires in 2011. These contracts are unique to the national forests. No other such long-term agreements exist.

As a result, the two large pulp companies holding the 50-year contracts dominate the market. Today, Alaska Pulp and Louisiana Pacific control between them 100 percent of the region's pulp mill capacity, and two-thirds of the sawmill capacity.

Mill capacity is only one indication of the dominant market position held by Louisiana Pacific and Alaska Pulp. Because the profitability of timber operations can be increased by finding a market for both pulp logs and sawlogs, the independent sawmills and the Native corporations are eager to sell the pulp logs they harvest. Since Louisiana-Pacific and Alaska Pulp are the only potential buyers of pulp logs in the region and since these companies are guaranteed log supplies on favorable terms from the national forest through long-term contracts, they are able to virtually dictate prices and terms of pulp log sales in the region.

During the early years of the pulp mill operations, several small logging companies bid on Forest Service timber sales on the Tongass. These independent loggers would, in turn, sell logs to the pulp mills and sawmills. In 1975, the Reid Brothers Logging company, one of the few surviving independent loggers at that time, filed suit against the two pulp companies, alleging concerted actions in restraint of trade. In 1981, the United States District Court in Seattle, Washington, determined that Louisiana Pacific and Alaska Pulp had violated the Sherman Anti-trust Act. The court awarded the plaintiff damages of $1.5 million.

The Reid Brothers suit called attention to the possibility that the federal government might have suffered reduced timber receipts due to the anticompetitive practices of the two pulp companies. In fact, in 1982, a timber appraisal expert concluded that potential government losses between 1959 and 1980 ranged from $76.5 million to $81.5 million.

Timber Pricing

Regardless of competitive behavior in the marketplace, it is inevitable that the Tongass timber program will lose taxpayer dollars under the Forest Service's obsolete timber pricing system, called residual value pricing. Nationwide, the Forest Service sets minimum bid prices at a level the agency determines a reasonable efficient operator can pay and still make a fair profit. Whether or not the government itself can expect a fair return on the sale -- or even recover its costs for managing the stand, building roads, and administering the sale -- does not enter into the equation.

In addition to residual value pricing, the owners of the long-term timber contracts on the Tongass enjoy certain special provisions. One such provision is the downward adjustment of stumpage fees. When the 50-year timber sale contracts were negotiated in the 1950s, the Forest Service established "base rates" for the various classes of timber. These long-term timber prices are reappraised by the agency at five-year intervals. Within each five--year interval, the pulp companies may petition for a reduction in timber prices (a process called "rate redetermination") if market conditions worsen. These retdetermined rates are retroactive to the beginning of the five-year operating plan.

In 1982, Alaska Lumber and Pulp Company -- now called Alaska Pulp Corporation -- requested a rate redetermination of its 1981-86 price schedule. It was granted effective July '1, 1982. Under the new schedule the price of spruce sawlogs, for example, was reduced form $215.98 per thousand board feet to $2.26 (see Table 1). On December 1, 1981, Louisiana Pacific was granted a rate redetermination on its 1979-84 price schedule. Under the new schedule, prices were reduced on spruce sawlogs from $114.96 per thousand board feet to $2.87, and on hemlock sawlogs from $30.97 to $1.97.

Recently, the Forest Service obtained a stumpage rate escalator clause for the Louisiana Pacific-Ketchikan long-term timber sale contract. This provision operates similarly to the emergency rate redetermination clauses in both contracts, allowing increased stumpage prices to be imposed when market prices improve substantially during a five-year operating period. This sounds good on its face, however, the reality is something quite different.

In fact, the cost of this accord to the federal government appears to be exceedingly high. First, the federal government's loss of $63 to $81 million in stumpage revenues between 1959 and 1975 caused by the preclusive/collusive bidding and other anti-trust practices of the long-term contract holders was exchanged for a single cash payment of $1 million collectable in 1990.

Second, unlike any other timber sale contract in the national forest system, Louisiana Pacific-Ketchikan can apply its "ineffective purchaser road credits[3]" accumulated during the previous five-year operating plan to offset future stumpage charges. The company acquired its large "backlog" of ineffective purchaser road credits as a result of the emergency rate redetermination obtained on December 1, 1981 when the company's stumpage was reduced by more than 95 percent. The net result of this change will not increase the actual payments to the Treasury. The ineffective purchaser credits will cancel out any paper increases in stumpage claimed by the Forest Service or the company.

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[3]. Louisiana Pacific-Ketchikan (LPK) agreed to undertake the necessary new road construction to harvest national forest timber. In exchange, the price LPK paid for timber would be offset by the estimated cost of road construction to access the stands. In this arrangement the federal government traded one asset -- timber -- for another -- roads. When the estimated cost of road construction exceeded the amount owed for timber, these so-called purchaser credits could not be offset and were considered ineffective.

TABLE 1: ORIGINAL AND REDETERMINED STUMPAGE PRICES FOR 50-YEAR TIMBER SALE CONTRACTS, TONGASS NATIONAL FOREST, 1983

Company, Species and Product	Appraisal Rates	Emergency Rate Redetermination [4]
Alaska Pulp Company (APC):		
	1981 - 86	Effective 7/1/82
	Dollars per thousand board feet ($/MBF)	
Spruce Sawlogs	$215.98	$2.26
Hemlock Sawlogs	1.36	1.36
Alaska Cedar Sawlogs	1,058.27	1.22
Spruce Utility Logs	.50	.50
Hemlock Utility Logs	.50	.50
Louisiana-Pacific Corporation (LPK):		
	1979 - 84	Effective 12/1/81[5]
	($/MBF)	
Spruce Sawlogs	$114.96	$2.87
Hemlock Sawlogs	30.97	1.97
Alaska Cedar Sawlogs	182.34	13.42
Western Redcedar Sawlogs	86.57	1.62
Spruce Utility Logs	114.96	2.87
Hemlock Utility Logs	30.97	1.97

SOURCE: U.S. Forest Service, Region 10.

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[4] " Base rates" are set administrately and generally represent the lowest rate for which timber can be purchased. The LPK and APC rates were established at the beginning of their contract terms in 1951 and 1956, respectively. The long-term rates are reappraised at five-year intervals and may be higher than base rates, but never lower. The redetermined rates shown above for APC aare at the 1956 contract base rate; the LPK rate is slightly above the 1951 contractual base rates.

[5] LPK's stumpage rate was reappraised recently. However, payments to the Treasury will not increase , because LPK may apply "ineffective purchaser credits" accumulated under the 12/1/81 redetermined rate to future timber purchases. See: footnote 3, supra.

Other than a few corporate executives, no one actually knows if the pulp mills in southeast Alaska are profitable or not. For example, the 1986 Louisiana Pacific Corporation Annual Report acknowledged concerns over the viability of its Ketchikan operations, but was no more specific than to mention "major losses over the past several years." This is consistent with these corporations' efforts, for years, to depict themselves as "an industry in crisis." Given the current pricing mechanisms under which cost increases and sale price decreases are absorbed by the raw material supplier, the federal government, this is very rational behavior indeed.

The crisis argument took on new meaning in January, 1987 when the Alaska Pulp Company filed an $85 million contract claim against the Forest Service for the 1980 through 1985 operating period. Alleging several Forest Service breaches of long-term agreement, the company's complaint, among other things, suggests that the Forest Service's role in Southeast Alaska is that of an "economic development" agency rather than a custodian of an important national resource. Indeed, the company's complaint suggests that it "guaranteed" a profit regardless of economic conditions , market demand, or competition. Significantly, if these claims are adjudged to be true, taxpayer losses from the Tongass timber program under Section 705 of the Alaska Lands Act could soar to more than $70 million per year.

It clearly serves the interests of the company to "negotiate" the largest possible transfer from the federal treasury. Whether the subsidy is paid through very low stumpage fees, logging roads built by the Forest Service or guaranteed profits makes little difference. Furthermore, a highly concentrated market structure creates an ideal opportunity to argue that new environmental controls will be the "final straw," that labor unions must be eliminated and wages must be reduced, or else corporate earning will be invested elsewhere.

Taxpayer and Employment Consequences

Over the years, the Forest Service has lost millions of dollars selling timber from the Tongass. Due to deteriorated market conditions and increased Forest Service expenditures for "roads to nowhere," underutilized facilities and timber sales without buyers under Section 705 of the Alaska Lands Act, taxpayer losses have grown sharply. And, guaranteed timber sales and other supply-side incentives have not brought stability to employment in southeast Alaska.

Table 2 summarizes Tongass timber program receipts and expenditures for 1977 through 1988. Net timber receipts are negative over the entire eleven-year period, resulting in a total loss of $487.4 million (in 1984 dollars).

TABLE 2. TONGASS TIMBER PROGRAM REIPTS, EXPENDITURES, AND NET RECEIPTS, FISCAL YEARS 1977 TO 1987.[6]

	Timber Receipts	Timber Costs	Net Timber Receipts	TSPIRS[7]
1977	9.9	36.7	(26.9)	--
1978	11.9	38.0	(26.1)	--
1979	13.8	41.3	(27.5)	--
1980	26.0	45.8	(19.8)	--
1981	15.0	55.6	(40.6)	--
1982	21.6	66.0	(44.4)	--
1983	5.4	59.5	(50.1)	--
1984	4.1	58.8	(54.7)	--
1985	0.2	52.9	(52.6)	--
1986	2.0	54.7	(52.7)	(22.5)[8]
1987	(2.0)	49.1	(51.1)	(8.6)
1988	1.4	38.8	(36.8)	(1.8)
TOTAL	109.1	596.5	(487.4)	(32.9)

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[6]. Source: U.S. Forest Service.

[7]. Timber Sales Program Information and Reporting System, See: General Accounting Office, "Timber Program: A Cost Accounting System Design for Timber Sales in National Forests." U.S. General Accounting Office, GAO/RCED-87-33, April, 1987.

[8]. General Accounting Office, depreciated road costs over a straight line 20-year useful life for FY 1986 and found that the Tongass lost $34,141,000 according to TSPIRS cost accounting methods. See: GAO/RCED-88-54 ANILCA Timber Provision, at 56.

In fact, annual net receipts are consistently negative even if one completely ignores the capital costs for roads and facilities. In 1983 through 1987, annual taxpayer losses on federal timber sales from the Tongass were more than $50 million each year. Stated differently, the Tongass program lost more than 93 cents on every taxpayer dollar spent. Since 1985, taxpayer losses have been ranged from 99 cents to 85 cents for every spent. If current annual loss rates continue, the Tongass timber program will lose more than half a billion dollars in the next ten years.

Unfortunately, taxpayer losses are bound to grow because of the chronically high costs of producing wood products in southeast Alaska. These high operating costs along with the the chronically weak markets for southeast Alaska's wood products assure future taxpayer losses.

Recent increases in the market price for dissolving pulp are an anomoly. It is a temporary condition that has occurred twice previously over the past thirty years. This relatively high "spot market" price has not reversed the secular decline in the market demand for dissolving pulp worldwide. The short-term increase in demand for southeast Alaska's dissolving pulp is overshadowed by the emergence of several lower-cost pulp producers that will compete directly with southeast Alaska in the future.

These recent developments are consistent with new Forest Service timber supply and demand studies that predict a collapse in demand for southeast Alaska's dissolving pulp by the end of the next decade. Moreover, housing starts in Japan, the primary determinant of demand for Alaskan sawlogs, are expected to remain flat or decline through the rest of the century because of the age structure of the Japanese population.

While huge taxpayer losses on the Tongass timber program generally reflect changes in wood product markets and very high production costs, the Forest Service has made its own contributions to the red ink. For example, the agency has continually offered timber sales that have not attracted buyers. Between 1980 and 1984, this practice alone caused average annual losses exceeding $8 million due to sale preparation, road design, and road construction costs.

From the beginning, the primary justification for federal intervention in southeast Alaska has been to promote economic growth. But, in spite of increasing timber program expenditures by the Forest Service, regional timber industry employment has fallen sharply -- from more than 3,000 full-time equivalent jobs in 1980 to fewer than 1,900 today. Each job in logging and mill work still maintained by the Tongass timber program costs U.S. taxpayers $36,000 per year.

Federal policy is also flawed because it ignores because it ignores the contributions to timber output and employment that can be made by Alaska's Native corporations. Through careful land selections, the Native corporations now own some of the best timber lands in southeast Alaska. Their share of the regional timber harvest climbed from 13 percent in 1980 to 57 percent in 1988. However, Forest Service sales under the 50-year contracts impede the ability of the Native corporations to successfully market their pulp-grade logs. Up to 90 mmbf of pulp-grade material is left on the ground on Native corporation lands or sold to Canadian pulp companies each year because the pulp mills have access to subsidized federal timber from the Tongass.

Finally, the federal timber program places at risk a large number of jobs in southeast Alaska that ultimately depend on the preservation of the Tongass' forested area. This is particularly true for jobs in the fishing and tourism sectors of the economy. These sectors, which combined to provide more than twice as many jobs in the timber industry, depend on natural resources that can be sustained in perpetuity. The southeast Alaska timber industry, on the other hand, is dependent on the one-time harvest of high volume, old growth timber.

Institutional Interests

Federal timber policy in southeast Alaska grew out of a well-intentioned effort to establish a stable employment base in the region. Since the construction of the pulp mills, however, the various demands placed on the Tongass National Forest has changed radically. Current and projected market demand for the region's timber products and timber industry employment have fallen sharply. At the same time, demand has increased greatly for wilderness, recreation, fisheries, wildlife, and protection of the ecosystem.

It is not difficult to imagine why two pulp companies resist fundamental changes in federal timber policy. In building the pulp mills, each firm made substantial commitments of capital and management resources. Furthermore, current policy provides for the effects of adverse market forces -- e.g. lower product prices and high infrastructure costs -- to be passed on to taxpayers in the form of reduced stumpage fees and increased government spending.

Managers of public agencies, including the Forest Service, have an incentive to maximize annual budgets and staff positions under their control. Before World War II, the timber industry relied almost exclusively on private lands for its logs. Since there was little industry demand for federal timber, the Forest Service was more a custodian than an active manager of its lands. But as private timber inventories declined and market demand for federal timber increased following World War II, the Forest

Service discovered a reliable political prescription for increased budgets and staffing. Congress readily appropriated funds for the Forest Service to a hire a large work force of foresters and road engineers to prepare timber sales and design the necessary road system. This funding has allowed the agency to execute its own view of its professional mission -- to manage the forests.

With the expansion of its timber and road programs came the creation of vested bureaucratic and political interests for continuing high timber harvest levels. Timber industry firms, workers and local communities became dependent on national forest timber. A strong constituency for more logging on the national forests was created. A provision of federal law that allocates 25 percent of gross timber receipts from the national forests to certain state and county governments is a powerful force causing these jurisdictions to push for maximum harvest levels, without regard to whether harvests lose money for the federal treasury.

For bureaucratic and philosophical reasons, the Forest Service has incentives to spread it timber management activities across as many acres as possible. This is done regardless of the consequences for federal taxpayers and -- in what to many may be a surprising consequence -- regardless of the ability of the forests to sustain timber yields in the future.

On paper, the Forest Service is required to show that its practices will result in "a non-declining even flow" of timber over the years. On the ground, political pressures force the agency to maximize harvest levels now. Forest supervisors know they will be judged on their ability to "get the cut out," i.e. to meet their timber sale targets. Many artifices have been produced sustained yield calculations that will support high levels of logging in the present.

One of the most notorious is the "allowable cut effect," which lets forest manager claim in advance -- in the form of boosted timber sale quantities -- the prospected increases in timber growth that are supposed to result from management activities such as thinning. On the Tongass one of the so-called "added investments" used to justify a permanent appropriation for the Tongass Timber Supply Fund was "precommercial thinning." According to TLMP, Section 705 and the newly written provisions of S. 327, each year the Forest Service should spend $3.5 million to boost Tongass sale quantities that cannot attract buyers.

The allowable cut effect does more than artificially boost potential sale quantities. It creates an irresistible incentive for the Forest Service to engage in intensive management on as many acres as possible, even though such investments make economic sense only on a few productive sites. The pressure to maximize current harvest levels causes forest managers to retain lands in the timber base even when site conditions make reforestation difficult and jeopardize attainment of future timber harvest goals.

S. 346 deserves support because it removes the incentives for the Forest Service to pursue its institutional interests at the cost of the public interest, taxpayer dollars, the future of the last largely intact temperate zone rain forest on this planet.

Change of Circumstances

What the public demands from its national forests in Alaska has been changing in fundamental ways, especially over the last two decades. When it comes to two long-term timber sale contracts on the Tongass, the Forest Service response has been to resist change almost to the point of intransigence. The agency has even ignored an express congressional directive to bring the contracts into compliance NFMA standards and guidelines and to eliminate the significant differences between long-term sales and new, short-term sales on the Tongass.

Since 1976, when Congress passed the National Forest Management Act ("NFMA" P.L. 94-588) the Forest Service has had seven significant opportunities to implement the explicit congressional instruction on the long-term contracts but changes have been minimal. The agency has not addressed the substantial differences between long-term sales and new, short-term purchasers.

The House of Representatives recognized this on July 27, 1988 when it passed H.R. 1516, the Tongass Timber Reform Act of 1988, by a vote of 361 to 47. Title II of H.R. 1516 set out a congressional finding that illustrates the need for change on the Tongass:

> The Congress finds and declares that changes in the long-term timber contracts prevent proper management of the Tongass National Forest, have undermined fair competition in the southeast Alaska timber industry, and fail to provide a fair financial return to the United States, House Report 100-600, Interior Committee, May 4, 1988, at page 2.

That such a finding is necessary 13 years after the Forest Service was directed by Congress to make long-term timber sale contract modifications clearly demonstrates the extent to which the Forest Service has resisted change in the management of the Tongass.

This finding and the Interior Committee's report to the House present a clear and compelling case for the termination of long-term timber sale contracts in Alaska. Stated simply, these contracts fail to achieve their original goals; threaten other Alaskan industries dependent on access to natural resources; interfere with free market mechanisms; and, impair the ability of the United States, the State of Alaska, Alaskan native corporations, and other responsible parties to properly manage non-timber resources in Alaska.

The Interior Committee, The House Agriculture Committee and the House, however, chose not to order the termination of long-term contracts. Instead, they adopted a middle course setting forth a process for contract revision and establishing goals for the renegotiation. The Secretary of Agriculture and the Forest Service was given a clear mandate by H.R. 1516 to address the necessary reforms through administrative action.

The Society supported that procedure and endorses the goals established by the Interior Committee and the House. If implemented, the contract modification provisions of H.R. 1516 would have provided significant relief to new, short-term timber purchasers, Alaskan Native corporations, non-timber users of the Tongass and the taxpayer.

To justify such relief, we need look no further than what the Forest Service itself told the United States District Court in Alaska in the case of Tenakee Springs et al. v. Courtright et al.[9]:

> The APC contract is perhaps the greatest constraint on discretion of the Forest Service. . .the Forest Service has little discretion (in determining where harvests will occur) to other than temporarily defer certain areas in the current plan. . .(note and emphasis added).

The Society could not have stated it better.

The window of opportunity for renegotiation of the long-term contracts has passed. While the modification of these agreements through enactment of H.R. 1516 appeared both reasonable and necessary to preserve and protect and important public resource, the continual delay of reform of the Tongass is no longer justified.

Enactment of a renegotiation provision now could hopelessly confuse and confound the on-going revision of the Tongass Land Management Plan. That process and the extensive public involvement it has fostered. The planning process should proceed without further congressional intervention and without the encumbrances of Section 705 (a) and Section 705 (d), or the long-term contracts. Therefore, we support Section 104 of S. 346 that directs the Secretary of Agriculture to terminate the long-term contracts no later than 90 days after enactment.

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[9] J86-0024 District of Alaska (1986) at 4, 6, Defendant's Memorandum in Opposition to Plaintiffs Motion for Summary Judgement.

The following sections outline briefly the constraints imposed by the long-term contracts. These constraints must be removed to assure that the Tongass' bountiful timber and non-timber resources can be managed in the public interest.

Forest Management

The two long-term timber contracts granted the purchasers unprecedented control over the management of the Tongass National Forest.

In 1976 when NFMA was enacted, there were significant differences between the long-term and new, short-term sales on the Tongass. For example the long-term sales allow for an exceptional degree of purchaser control over harvesting terms, while purchasers of other, short-term sales on the Tongass are limited to areas and terms the Forest service sets for each sale. This purchaser control allows the long-term contract holder -- not the Forest Service -- to select which areas to log, when to log, or whether to simply refuse to log areas they find economically unattractive. Short-term purchasers have no such discretion.

The long-term timber sale contracts on the Tongass prevent sound management and planning for the future of national forestlands. Briefly, the long-term contracts cause the following impediments to proper management of the Tongass:

o Requirement of sale (or release) of a fixed amount of timber regardless of actual market demand.

o Requirement to offer for sale sensitive areas that might otherwise be reserved from harvesting, such as Lisianski River, Kadashan River, and Nutkwa River.

o Discretion afforded purchaser to select among timber stands within its allotment and cut only the best timber stands, thus "high-grading" the timber resource.

o Separate planning process for long-term contracts that interferes with the NFMA planning process and enforcement of the National Environmental Policy

Act (NEPA).

The existence of such extraordinary provisions explains the motivation of Congress is writing Section 15(b) into NFMA. If Section 15(b) of NFMA had been faithfully implemented, these provisions would have been eliminated. The procedure established by H.R. 1516 should prove more successful.

Fair Competition

There are three principal reasons why the long-term contracts are manifestly unfair to other timber purchasers on the Tongass. The long-term contracts:

- Provide a natural monopoly to the contract holders in the form of large, extensively controlled, exclusive timber supplies available at bargain prices.
- Allow log-term contract holders to harvest timber without compliance with procedures standards applied to every other purchaser, including appraisals, deposits, timber accounting and administrative rules.
- Provide long-term timber contract holders with lower stumpage prices and highly advantageous rate redetermination provisions that allow prices to be reduced to minimum rates during failing markets.

Pricing practice were a key element in the Reid Brothers lawsuit against the two companies and the subsequent Forest Service Reid Brothers review team centered its recommendations on pricing reforms to assure fair competition. Unfortunately, Forest Service management chose to ignore the recommendations of the Reid Brothers review team just as it ignored the congressional directive contained in Section 15(b) of NFMA.

When the House Interior Committee reported H.R. 1516 to the full House, it wisely embraced the original intent of Section 15(b) of NFMA -- economic parity between long and short term purchasers on the Tongass -- and the Reid Brothers review team recommendations. It is unfortunate that the Senate failed to act on H.R. 1516. Because together the renewed mandate for change and the Reid Brothers review team recommendations would have provided the Secretary a clear road map for establishing fair competition in the southeast Alaska timber economy.

However, at stated above the window of opportunity for revising the contracts has passed. Now, the only reasonable alternative is to terminate the contracts as quickly as possible.

Federal Timber Pricing

First among the reasons why the long-term timber sale contracts prevent a fair return to the United States treasury are the timber pricing provisions. As the House Interior Committee correctly stated in its report accompanying H.R. 1516, the pricing advantages of the long-term timber contract holders on the Tongass are no longer justifiable public policy, promote wasteful logging practices, and prevent both the federal government and the State of Alaska from receiving a fair share from the use of a public resource. The Society strongly agrees.

The continued reliance on the residual value appraisal and pricing system is not necessary. It is complex and badly outdated. In fact, Mr. Chairman, the residual value appraisal and pricing system is a structure that has not changed since the first federal timber sale in 1899.

This pricing structure is obsolete because it completely ignores the government's cost of growing and selling trees, and it includes incentives that foster unnecessary road building and intensive management. Furthermore, it results in unnecessary paperwork and expense as Forest service officials strive to calculate with unrealistic precision the minimum bid that a hypothetical buyer of "average" efficiency can afford to pay and make a reasonable profit.

Future timber sales should be advertised for competitive bidding at the Forest Service's "break-even price" -- the minimum acceptable bid required to recover the government's costs attributable to growing and selling the trees. Such costs include surveying, scaling, sale preparation and administration, road building, environmental mitigation, slash deposit, reforestation, and payments to state and county governments in-lieu-of-property taxes. Timber sale costs should also include s portion of joint costs that result from activities that can be attributed to timber production as well as other forest outputs. Joint timber costs can be estimated with readily available forest-wide data.

Administering federal timber sales on break-even pricing offers two important advantages over obsolete residual value pricing. First, the minimum price that the government needs to recover the costs of growing and selling timber and making timber sales will be explicit. Second, the Forest Service's ability to use the timber sale contract to finance purchaser built roads and acquire land management services will be curtailed. This will eliminate a built-in institutional incentive to road and manage all available forestland.

S. 346 will eliminate inherently unfair pricing advantages for the long-term timber sale contract holders.

Terminating the Contracts

United States Supreme Court decisions on whether the United States may terminate contracts to which it is itself a party suggest that S. 346 is constitutional. Because S. 346 is directed at the broad and general public purposes of improving the management of an important public resource and promoting a sustainable and diversified economy dependent upon access to that resource, the Tongass Timber Reform Act will withstand any due process attacks on its constitutionality. Congress always has the authority to terminate contracts between the Federal government and private commercial interests, when that action is in the public interest.

As the record of this and several previous congressional hearings on the Tongass and its timber industry demonstrate conclusively, long-term timber contracts on the Tongass are obsolete. In their present form, the continued existence of the long-term timber contracts on the Tongass is clearly not in the public interest.

As demonstrated by the House Interior Committee report (House Report 100-600, 100th Congress, Second Session), there is an overwhelming record supporting the immediate modification of these agreements to remove the impediments to proper forest management and establish fair competition in the southeast Alaska timber market.

The Forest Service's refusal to implement Section 15(b) of the 1976 National Forest Management Act (NFMA) -- requiring the agency to renegotiate these contracts to bring them into compliance with NFMA guidelines and standards -- cannot be explained away. There is a great disparity between the opportunities available for long- and short-term purchasers of timber on the Tongass. Continuing such advantages is contrary to public policy. Because of the extensive record supporting the recommended changes in the long-term contracts and common sense process established by H.R. 1516 to achieve those ends, it is our considered opinion that the courts will find H.R. 1516 to be both reasonable and necessary and, therefore, constitutional.

Whether the enactment of S. 346 is constitutional does not shield the United States from litigation for damages in the United States Claims Court. The United States is immune from suit except in those instances in which it consents to be sued. The Tucker Act, 28 U.S.C. Section 1346, 1491, granted consent to sue the United States in the U.S. Claims Court for alleged breach of contract claims.

Enactment of S. 346 cannot and should not extinguish the two Alaskan pulp mills' right to establish jurisdiction in the Claims Court. However, their claims for damages may not succeed. In fact, since the Civil War the "sovereign act" doctrine has held that the United States cannot be held liable for damages on breach of contract when breach results from its actions in the national interest and public and general application. Again, the courts will look behind the law to determine whether it is directed at a broad public purpose. Because S. 346 is directed at improving the management of an important public resource, it clearly fits the court's criteria of the "sovereign act" doctrine. Therefore, it is reasonable to conclude that the United States will not incur any liability for its actions in protection the national interest in Alaska.

Finally, it is appropriate to review the unlikely possibility that the courts will find that congressional modification or termination of long-term timber sale contracts is not in the broad public interest. As stated previously, an adverse determination is improbable, because of the extensive public record documenting the counter-productive effects of the long-term contracts. Notwithstanding this reservation, we have reviewed the precedents to determine what, if any, damages might be recoverable against the United States under a worst case scenario.

The case of Hedstrom Lumber Co. v. United States, 7 Cl. Ct. 16 (1984), provides the best evidence of how the Claims Court would compute compensation, if any, for modification or termination of long-term timber contracts in Alaska. Here, Congress voluntarily directed compensation to timber companies affected by the passage of the Boundary Waters Canoe Wilderness Act.

But the Claims Court construed that direction so that compensation was still severely limited. The court rejected just compensation formulas based on anticipated or lost profits as compensation. Instead, the court awarded Hedstrom the replacement value for the timber under contract. To determine replacement value, the court used the difference between the contract stumpage price -- the price paid for the right to harvest standing trees -- and average bid price for replacement timber. The court also awarded actual road construction costs and the costs of additional transportation.

Applying the Hedstrom approach to the two long-term timber contracts in Alaska is difficult, because of uncertainties surrounding harvest rates and other factors that may influence the calculation. However, a reasonable estimate of the compensation can be calculated by determining the difference between the stumpage rates available under long-term sales and the cost of replacement timber. This additional compensation will only be available until the respective rate redetermination in 1989 and 1990. At that time, the cost of timber available under competitive bids should be comparable to the price that would have applied to the long-term sales. Therefore, after 1990, there should be no "additional cost" for replacement of long-term sale timber and no compensation would be required.

Lands Protection

Since the adoption of the 1979 Tongass Land Management Plan (TLMP), the Alaska Department of Fish and Game (ADFG) has identified specific areas, designated by the plan for timber production, that are of critical importance for fish and wildlife habitat. The Wilderness Society, Southeast Alaska Conservation Council, and many of the 16 southeast Alaska communities that support the Tongass Timber Reform Act have identified additional areas of significance for recreational, scenic, and wilderness values. Each has requested the Forest Service defer logging and roadbuilding on these lands until the land management plan can be revised based on new information regarding the impacts of these activities and the demand for Tongass timber.

S. 346 has identified 23 areas having special values for fish, wildlife, subsistence, recreation, old growth, and other resources protection pending the revision of TLMP. It requires the Forest Service to conform that revision to a new set of management directives that restore the multiple use balance missing from current Tongass management.

The Wilderness Society supports the moratorium provisions of S. 346. It is apparent that the 1979 TLMP and ANILCA failed to adequately protect sufficient high volume growth timber stands which, by virtue of their location and their characteristics, constitute some of the most valuable fish and wildlife habitat on the Tongass. The Forest Service calculates that only 87 of the 294 Value Comparison Units (VCU) -- the basic planning unit used by TLMP to describe forest areas and values -- or 30 percent of the high value wildlife areas identified by TLMP are permanently protected by wilderness designation. Of 490 high value fisheries areas only the Tongass, only 139 (28 percent) are in wilderness. In addition, 31 high-value wildlife areas and 65 high-value fish habitat are temporary designated by TLMP to be managed in a roadless state for unroaded and primitive recreation.

Enactment of S. 346 will give the Forest Service the flexibility in the land planning revision process to protect additional high value fish and wildlife habitat areas in order to restore a more appropriate balance between commodity production and the other multiple uses of the Tongass. To that end, the moratorium proposed by S. 346 is a reasonable first step.

Senator MURKOWSKI. Thank you. I am trying to be very brief and take them as they come up.

You noted on page 5 a reference that after 20 years, roads are choked with thick alder, precluding all travel along them by vehicle or by foot. I would appreciate your supplying for the record some locations specifically of those roads.

Mr. EDWARDS. Just about every place I have flown over in southeast Alaska that was logged 15 or 20 years ago, you can see those quarters of alders as you fly over. It is really hard to pinpoint any one place because it is so widespread. We could provide some photographs if you like.

Senator MURKOWSKI. No, I would like the specific locations, because I have been in those areas. You can walk through, deer hunt and so forth. But rather than belabor it, if you would just supply for the record some specific locations where you cannot walk through by foot.

Mr. EDWARDS. I have seen that in Fish Bay and Robin Bay.

Senator MURKOWSKI. If you would give us the locations, we would appreciate it. If you do not care to, that is obviously your own business.

Did SEACC testify in the Tongass Timber Reform, the TLMP hearings?

Mr. EDWARDS. I am pretty sure we did. I do not really know. I did not attend those myself.

Senator MURKOWSKI. I would appreciate a clarification whether you did or not.

Do you think that that effort has been a worthwhile effort?

Mr. EDWARDS. The TLMP process? It has actually been a rather frustrating process for us, especially looking ahead to the revision that is going on now. I think we are really tied in by the 4.5 mandate.

Senator MURKOWSKI. It is my understanding that the TLMP is to get public opinion on necessary changes, and my questions are whether or not SEACC feels that, they participated; whether it was a worthwhile input; and whether there is anything that will be worthwhile to come out of this effort, which is a recommendation for changes to be made.

I believe that the report is hopefully going to be out late this year.

I guess my question is, Does SEACC look toward the TLMP process as the responsible and reasonable way to get input from all segments of Alaska with regard to recommended changes?

Mr. EDWARDS. My staff has informed me that there were no hearings held, but we have participated in meetings.

I would like to read a statement by one of our board members who is a former Forest Service planner, now retired, which he wrote to the Sitka Sentinel about a year ago. I will be brief.

He says here, "I recently testified before members of the U.S. Senate. I made it clear that proponents of the Tongass Timber Reform Act are not trying to stop the revision of the Tongass plan. The fact is that the Tongass Timber Reform Act will assist the completion of the revision and help the Forest Service planning effort. Removal of the inflexible 450 million board foot per year timber harvest goal will untie the hands of the agency professionals.

The revision will be a better product as a result. As things stand right now, no matter how much effort the Forest Service puts in this revision, no matter how much money it takes, no matter how much public involvement is solicited, the answers will still be the same. The 450 is viewed as a mandate. The 50-year contracts are viewed as a mandate. Permission to cut timber is used as a mandate.

Unless the law and the contracts are changed, the revision will bring no real change and will fail."

Senator MURKOWSKI. I guess my question is under 346 there is no provision for the recommendations of the TLMP process. We will just do away with it, and whatever those recommendations finally come out to be would not necessarily be included.

I am wondering if SEACC has a position.

Mr. EDWARDS. It is my understanding that it would do away with TLMP, but it is my understanding that——

Senator MURKOWSKI. No, it would supercede it. In other words, if this passes, why, it passes, and the recommendations of TLMP are not addressed in the sense of what we are looking at now. We are looking at two bills.

Mr. EDWARDS. It is my understanding that the Forest Service would still be constrained as for every other region of the forest system to do regional plans like this, and that is not removed by 346. In fact, what sections 202 and 346 would do is provide guidance for the TLMP revision. That is our position on that.

Senator MURKOWSKI. In other words, you are saying we would throw out the plan and do it over again?

Mr. EDWARDS. No, sir. TLMP is currently under revision, and——

Senator MURKOWSKI. TLMP is going to be finished this year.

Mr. EDWARDS. No, sir. It will not be finished until 1992.

Senator MURKOWSKI. I believe it is going to be finished late this year, and the information that we get from the Forest Service is that it may go into next year, but they still hope that it will be finished this year.

I think we can for the record make that determination at any length.

Mr. EDWARDS. Senator Murkowski, actually what will be happening is that the Forest Service will be submitting the draft on December 31st of this year.

Senator MURKOWSKI. That is correct.

Mr. EDWARDS. The plan will not be finished until probably 1992 by our estimation.

Senator MURKOWSKI. I guess the concern is do we take the recommendations into account as we address legislation, and it would seem that that would be a reasonable and responsible course of action to take; or do we just pass the proposed legislation.

We have the 23 moratorium areas of S. 346 which you might say circumvents the planning process, but I do not want to belabor that.

Mr. EDWARDS. Senator, what would actually be happening there is that the revision will be proceeding without clear direction from

Congress on what to do with these areas, and in the course of that time three operating plans would be completed for the two 50-year contracts. That would severely undercut what TLMP should be doing at this time.

Senator MURKOWSKI. Thank you, Mr. Edwards.

Our next witness is Mr. Finney, General Manager, Alaska Loggers Association.

STATEMENT OF DONALD FINNEY, MANAGER, ALASKA LOGGERS ASSOCIATION

Mr. FINNEY. Mr. Chairman, members of the committee, my name is Don Finney. I am the manager of the Alaska Loggers Association. The Alaska Loggers Association is made up of logging companies, saw mills and pulp mills throughout Alaska representing 110 separate companies and over 4,400 workers. In addition, there are 200 associate members which employ several thousand persons both in Alaska and in the lower 48.

Attached to my testimony is a copy of my November 5, 1987, testimony before this committee in S. 708.

Senator MURKOWSKI. It will be entered into the record.

Mr. FINNEY. Very good. Thank you, sir.

The Tongass is not in crisis. It is a fact that in order to get quick action on proposed legislation it is useful to create a crisis atmosphere. Accordingly, we have seen such things alleged as the Tongass contributed to global warming and the rallying cry that the timber industry is destroying the last great rain forest in the United States.

Along that line, I would like to make a point on the global warming concerning the Tongass that I did not hear in comments earlier.

As the Forest Service pointed out, the old growth forest of the Tongass is in a balance, so that its net growth is about equal to its net decay, and there is very little contribution of oxygen or release of carbon dioxide. It is just about in a balance.

Also, the Forest Service testified that the second growth forest that we grow will take carbon dioxide out of the air, hold it and release oxygen. The interesting thing that they did not say is that they are managing that forest, that second growth forest for a saw timber forest, so that when that second growth forest is harvested, almost all of the products from it will go into sawable materials which go into housing and furniture and the kinds of things we see made out of wood in this room which becomes a heat sink.

So in the long pull, if you are looking to a global warming problem, the faster we get the Tongass National Forest under management, the better it will be for that particular problem.

The Tongass is not in crisis. To begin with, there are 16.7 million acres in the Tongass National Forest, of which 5.6 million acres are designated wilderness.

In addition, there are approximately 2 million acres in Glacier Bay National Monument outside the national forest in southeast Alaska, making 40 percent of southeast Alaska statutorily closed forever to any development.

In the 10-year period from 1978 to 1987, the timber industry harvested 76,000 acres or 7,600 acres of national forest per year on the average. That is right, we harvested only 7,600 acres per year of a 17 million acre national forest. All forest activity is regulated by the Forest Service in accordance with the National Forest Management Act regulations. Other resources are protected in full accord with multiple use principles and the law.

Remember that at the end of the 100-year rotation cycle, only 10 percent of the national forest land will have been harvested.

The Tongass is back economically. During the period 1982 through 1986, the forest products industry on the Tongass National Forest suffered a severe depression. Demand for products from the national forest land were greatly reduced such that timber harvest, for example, in 1985 dipped to 162.5 million board feet, the worst year ever.

The Tongass is now coming back. The forest industry is a strong one-third of the economy of southeast Alaska. This produces a grand total of 4,423 direct jobs, of which 1,000 jobs are from native operations. Using a multiplier of 1.4, there were 10,615 direct and indirect timber industry-related jobs in southeast Alaska in 1988.

In 1987, the total dollar value of the forest products exported from Alaska was $327 million. In 1988, it was $474 million, a 45 percent increase in 1988 over 1987.

We are expecting even better results in 1989. While the largest private timber landowner, Sealaska Corporation, has announced that it may stop or reduce harvesting in 1989 as a result of a revenue sharing dispute under section 7(i) of the Alaska Native Claims Settlement Act with other regional corporations, the rest of the industry is harvesting at an accelerated rate to meet market demand.

This effort to accelerate harvest is frustrated by deferral of harvest in some areas due to lawsuits brought by the Sierra Club Legal Defense Fund and the Southeast Alaska Conservation Council, which are hindering the rate of harvest.

At this moment, however, timber harvest could be increased and jobs increased if further restraints imposed by these lawsuits were lifted.

The harvest rate we would anticipate for the Tongass forest for 1989 without such rates would be close to the 150 million board feet that we are all talking about.

The world market outlook remains very strong. Alaska pulp products are sold in 20 countries. There has been worldwide resurgence in nylon and cellophane because of renewed recognition of the strength of these biodegradable products.

The change in exchange rates in the Pacific Rim has now positioned the Alaska saw mill industry so our labor costs are in direct competition with those of countries to which we send our lumber products. This is allowing us to increase the value added to our forest products and compete and finish lumber markets. Accordingly, we will be able to supply jobs at an accelerating rate on the national forest land.

Conversely, the village corporations in southeast Alaska established under the Alaska Native Claims Settlement Act of 1971 are running out of timber. Six of those villages are already out of timber. Another three will run out in 2 years, and the final three will run out of timber two years after that. Sealaska Corporation, the regional native corporation, will run out of timber in the next five to eight years.

When that happens, those villages which wish to continue timber harvesting southeast Alaska must do so on the Tongass National Forest. Accordingly, the increased harvest levels brought about by change and exchange rates and the increased pressure from native corporations wishing to harvest on national forest land will keep the harvest levels high throughout the decade of the 1990s.

With the exception of the legislation proposed by the Alaska delegation, the various proposals for legislation would cost the American taxpayers hundreds of millions of dollars, seriously disrupt the industry in southeast Alaska, and make a mockery of the Tongass forest planning process.

S. 346 would repeal section 705 entirely, cancel the long-term timber sales, and set aside 23 areas in advance of the Tongass land management process. This result is not justified by any impact on the environment from harvesting.

Even if we were harvesting up to the maximum rate that the industry could harvest, we are opposed to Senator Wirth's bill. We urge careful consideration by this committee before any legislative action is taken.

The Forest Service and each of the two pulp mills are negotiating to make the changes in the long-term sale which the House has previously identified as matters of concern. It makes sense to let the two parties of these contracts attempt to work out identified problems. There is no need for legislation. It is wrong for Congress to legislate in an area dealing with a contract between parties.

If section 705 is repealed, it will reduce the timber supply from the Tongass by a third, notwithstanding the increased demand from national forest timber described above. This will occur because without the direction to manage a timber sale program providing availability of a supply of 4.5 billion per decade and sufficient appropriations to achieve that harvest level, the 1970 Tongass forest plan shows the Tongass can produce only 3.8 billion board feet per decade. Such a drop in the allowable sale quality will cause a dramatic loss in jobs.

Some people have argued that section 705 should be repealed because it makes the Tongass different from any other national forest. Congress made the Tongass different from every other national forest in 1980 when in section 703 as part of ANILCA it designated so much wilderness on the forest that the nonwilderness lands which remained open to timber harvest could not support the then existing level of jobs on a sustained yield basis.

Section 705, which was based on an alternative to TLMP recommended by a regional forester in 1979, was designed to solve this problem. The idea then was to use intensive management monies to increase sustained yield from the nonwilderness lands open to timber harvest and thus provide a sustained yield harvest of 4.5 billion board feet per decade.

Currently, the Alaska Loggers Association recognizes a need for a change in the Tongass timber supply fund. It has always been the case that the amount harvested in any one year would depend upon market demand, but the Forest Service is required to retain a sufficient land base so that using intensive management monies, it can achieve a harvest level of 4.5 billion board feet.

The Alaska Loggers Association believes it essential to maintain a timber program which makes available the supply of 4.5 billion board feet per decade with annual harvest levels within the decade responding to market demand.

Some people have argued that the 4.5 billion board feet allowable sale quantity should repeal because it drives the planning process, thereby subjecting fish and game and other resources to the risk of inadequate protection. This is wrong for at least two reasons.

First, the 4.5 billion is needed only because Congress designated so much wilderness in 1980 that the remaining nonwilderness land is insufficient to maintain the job base. Accordingly, from a substantive point of view, repealing the 4.5 billion and rolling back the amount of wilderness would be the best way to put the Tongass planning process in the same position that it enjoys in other national forests.

Second, there are only 3.9 million acres of commercial forest land not in wilderness. Of this, 2.2 million acres are not scheduled for harvest, leaving only 1.7 million acres available to protect the job base. This can only occur if there is sufficient funding to provide precommercial thinning, construction of roads in marginal areas, and a Region 10 timber management budget.

Accordingly, the sufficient funding, the additional acreage provides a buffer so that 4.5 billion board feet will not affect the planning process or the ability to protect other resources.

Senator **Murkowski**. I wonder, Mr. Finney, if you could consolidate your remaining remarks. I would like to hold everybody to about seven or eight minutes.

Mr. **Finney**. Very good. I will summarize here.

When people are put out of work in southeast Alaska, it is not like losing a job in the lower 48. There are no roads connecting communities. There are few alternative jobs. Usually losing one's job means leaving southeast Alaska with major attendant family dislocations and impacts. The impacts on people deserve a lot of consideration. There are 23 timber-only dependent communities in southeast Alaska, representing over 2,000 people who would be dislocated with the suggested legislation.

Finally, making land allocations in advance of TLMP makes a mockery of the planning processes. Congress put the Resources Planning Act into operation and amended it with the National Forest Management Act of 1976. The idea of the planning process is to determine, among other things, which land should be set aside in an administrative category. To have Congress designate those lands a few months in advance of the planning process because the environmentalists do not trust the Forest Service is a bad precedent.

At least this committee should see what the proposals of the Forest Service are without trying to influence those proposals by legislation before they are made. If this committee makes the mistake of allowing environmental groups to dictate the results of the process in advance of the forest planning process, you can be assured that each of the forest plans in other national forests will be brought before you to be tailored in a way most advantageous to the environmental community, and we believe this would be a mistake.

In summary, it would be wrong to say that the timber industry is happy about the proposed loss of the intensive management monies being provided through the Tongass Timber Supply Fund. We are concerned that we will fight the Tongass battle year in and year out in front of the Appropriations Committee as a result of this change.

We have been working on this legislation, however, long enough in Washington to realize that in a time of budget cuts for the rest of the country the actual Tongass appropriation is going to have to be treated like every other national forest.

Accordingly, we support the proposal made by our delegation notwithstanding our concerns. The Alaska delegation bill proposes mid-course correction in the Tongass program but does not throw out the baby with the bath water. It allows continuation of the Tongass land management plan which has been ongoing for two years on which the government has already spent $5 million. It is thus clearly far superior to every other piece of legislation that has been proposed.

Thank you, Mr. Chairman

[The prepared statement of Mr. Finney follows:]

STATEMENT OF DON FINNEY
ALASKA LOGGERS ASSOCIATION
BEFORE THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
February 28, 1989

Mr. Chairman and members of the Committee, my name is Don Finney. I am the Manager of the Alaska Loggers Association (ALA). The ALA is made up of logging companies, sawmills, and pulp mills throughout Alaska, representing 110 separate companies and 4,400 workers. In addition, there are 200 associate members which employ several thousand persons both in Alaska and in the lower-48.

Attached hereto is a copy of my November 5, 1987 testimony before this Committee on S 708. That testimony explains in some detail why Section 705 was made part of the Alaska National Interest Lands Conservation Act (ANILCA) in 1980.

THE TONGASS IS NOT IN CRISIS. It is fact that in order to get quick action on proposed legislation, it is useful to create a crisis atmosphere. Accordingly, we have seen such things alleged as the Tongass contributing to global warming, the Tongass listed in one news story along with the Chernobyl and other major environmental disasters, and the rallying cry that the timber industry is "destroying" the last great rain forest in the United States. Such comparisons really need to be disposed of before it is possible to have a reasonable debate on the merits of the various proposals for mid-course corrections to Section 705 of ANILCA.

The Tongass is not in crisis. To begin with, there are 16.7 million acres in the Tongass National Forest, of which 5.6 million acres are designated wilderness. In addition, there are approximately 2 million acres in the Glacier Bay National Monument outside the National Forest in Southeast Alaska. Thus, 40% of Southeast Alaska is statutorily closed forever to any development. Of the 16.7 million acres on the Tongass, approximately 1/3 or 5.5 million acres is commercial forest land. Of this 1/3 of the Forest, 1.6 million acres or 30% is designated wilderness, 1.7 million acres or another 30% constitute the timber base for the 100 year rotation, and the remaining 22 million acres or 40% is restricted from timber harvest to protect the other multiple uses. In harvesting the 1.7 million acres, extensive protection is provided to other multiple uses such as fish habitat zones and deer winter range.

In the period 1978 through 1987, the timber industry harvested 76,000 acres, or 7,600 acres of National Forest per year. That's right, we harvested only 7,600 acres per year of a 17 million acre National Forest. All harvest activity is regulated by the Forest Service in accordance with National Forest Management Act regulations.

For example, Forest Service regulations and management practices that have been developed, protect fish and game. Since we do not harvest on major transportation lanes, timber harvesting has little impact on the great majority of tourists who travel up the inside passage each summer. In short, other resources are protected in full accord with multiple use principles and the law. Remember that at the end of the 100 year rotation cycle, only 10% of the total National Forest land will have been harvested.

THE TONGASS LAND MANAGEMENT PLAN. The Tongass National Forest was the first National Forest for which there was a forest plan. The plan came out in draft in August 1978 and was the vehicle used by this Committee under Senator Jackson's chairmanship to forge a Tongass Section in the ANILCA bill. Pursuant to the National Forest Management Act planning regulations, this is the first forest plan to be revised. Thus far, the Tongass forest planning team has worked for two years at a cost of $3.7 million. The draft forest plan is expected out in the form of a draft environmental impact statement in December, 1989. The process which is in place for the Tongass is the same process as that for every other National Forest. Using public input and the planning process, hundreds of people across Southeast Alaska and the country have presented their views to the planning team. This is the process in which the land allocation proposals which you will hear from various groups today should be considered.

The ALA respectfully submits that if the idea is accepted to make the Tongass like other National Forests, then the approach to the Tongass should be like that in every other National Forest. Land allocations on the Tongass should await the recommendations of the Forest Service planning team.

THE TONGASS IS BACK ECONOMICALLY. During the period 1982 through 1986, the forest products industry on the Tongass National Forest, like the forest industry nationally, suffered a severe depression. Demand for products from National Forest land were greatly reduced such that timber harvest, for example, in 1985 dipped to 162.5 million board feet, the worst year ever. But the Tongass is now coming back. The forest industry is a strong one-third of the economy of Southeast Alaska.

The ALA polled its members to determine 1988 calendar year harvest levels. A calendar year review, which includes unscaled volume in rafts, more accurately reflects market acceleration than the scaled, fiscal year Forest Service figures which show only half a calendar year's figure. For 1988, our members show a 377 MMBF net sawlog volume harvest level. [1]

This produced 3,447 direct jobs according to Alaska Department of Labor figures. This needs to be adjusted by 391 longshoring and towing jobs, 150 road construction jobs and 435 timber related Forest Service jobs not counted by the Alaska Department of Labor. This produces a grand total of 4,423 jobs of which 1,000 jobs are from Native timber operations. Using the Sitka mill economic study performed by the McDowell Group, there are 1.4 indirect jobs for each direct job. Accordingly, there were 10,615 direct and indirect timber industry related jobs in Southeast Alaska in 1988.

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[1] The Forest Service showed the FY 1987 harvest level to be 282 million board feet. In FY 88, the Forest Service showed a harvest level of 331.5 million board feet (see Forest Service Timber Supply and Demand, 1988 Draft Report). Our figures differ because the Forest Service uses a fiscal year accounting and only considers scaled volume. Thus, Forest Service figures only show half a calendar year's work and do not show the true acceleration in an up market like this one.

In 1987, the total dollar value of forest products exported from Alaska was $327 million. In 1988, it was $474 million, a 45% increase over 1987.

The Timber Sale Program Information Reporting System (TSPIRS) for FY 1988 shows that while there was a $1.6 million loss in timber receipts over revenues, the net present value of the future benefits and costs on the acres harvested in 1988 was $1.3 million. Most important is the TSPIRS Employment and Income Report which shows that as a result of timber harvesting and the primary manufacture requirement total personal income from the forest industry in 1988 was $117.6 million and the value to the communities $485 million. Since the Forest Service would receive greater stumpage returns but for the primary manufacture requirement, the dollar value of the jobs related to this worthwhile social program have to be considered in determining the value of Tongass timber harvesting to Alaska and the country.

We are expecting even better results in 1989. While the largest private timber land owner, Sealaska Corporation, has announced that it may stop or reduce harvesting in 1989 as a result of a revenue sharing dispute under Section 7(i) of the Alaska Native Claims Settlement Act with other regional corporations, the rest of the industry is harvesting at an accelerated rate to meet market demand. This effort to accelerate harvest is frustrated by deferral of harvest in some areas due to lawsuits brought by the Sierra Club Legal Defense Fund and the Southeast Alaska Conservation Council (SEACC), which are hindering the rate of harvest. At this moment, however, timber harvest could be increased and jobs increased if further restraints imposed by these lawsuits were lifted.

The harvest rate we would anticipate for 1989 without such restraints would be close to 450 million board feet.

The world market outlook remains very strong. Alaska pulp products are sold in 20 countries. There has been worldwide resurgence in rayon and cellophane because of renewed recognition of the strength of these biodegradable products. There are many specialty uses for dissolving pulp, including lacquers, tire cord, industrial belting, munitions and pharmaceuticals. Furthermore, as a result of revision in exchange rates, there is now a permanent institutional change on the forest in Alaska which will maintain our industry at a higher rate of harvest. As you know, logs harvested on National Forest land in Alaska are subject to primary manufacture. The change in the exchange rates has caused products manufactured in Alaska and shipped to the Pacific Rim to be cheaper than products manufactured from round logs in the Pacific Rim. While this generalization is not true for every product, it is true with respect to enough products so that Alaska timber is able to compete on world markets. Accordingly, we will be able to supply jobs at an accelerating rate on the National Forest land.

Conversely, the Village Corporations in Southeast Alaska, established under the Alaska Native Claims Settlement Act of 1971 are running out of timber. Six of those villages are already out of timber, another three will run out of timber in two years, and the final three will run out of timber two years after that. Sealaska Corporation, the regional Native Corporation will run out of timber in the next five to eight years. When that happens, those villages which wish to continue timber harvesting in Southeast Alaska must do so on the Tongass National Forest. Accordingly, the increased harvest levels brought about by change in the exchange rates and the increased pressure from Native Corporations wishing to harvest on National Forest land will keep the harvest levels high throughout the decade of the 1990's.

THE IMPACT OF LEGISLATION. With the exception of the legislation proposed by the Alaska Delegation, the various proposals for legislation would cost the American taxpayers hundreds of millions of dollars, seriously disrupt the industry in Southeast Alaska, and make a mockery of the Tongass Forest Planning process.

S 346 would repeal Section 705 entirely, cancel the long term sales and set aside 23 areas in advance of the Tongass Land Management process. This result is not justified by any impact on the environment from harvesting, even if we were harvesting up to the maximum rate the industry could harvest. We are opposed to Senator Wirth's bill. We urge careful consideration by this Committee before any legislative action is taken.

The Forest Service and each of the two pulp mills are negotiating to make the changes in the long term sale which the House has previously identified as matters of concern. It makes sense to let the two parties to these contracts attempt to work out identified problems. There is no need for legislation and it is wrong for Congress to legislate in an area dealing with the contract between parties.

If Section 705 is repealed, it will reduce the timber supply from the Tongass by a third, notwithstanding the increased demand from National Forest timber described above. This will occur because without the direction to manage a timber sales program providing availability of a supply of 4.5 billion per decade and sufficient appropriations to achieve that harvest level, the 1979 Tongass Forest plan shows the Tongass can produce only 3.38 billion board feet per decade. Such a drop in the allowable sale quantity will cause a dramatic loss in jobs.

If a House bill like Mr. Mrazek's (HR 1516) were enacted, which puts the 23 areas of S 346 into wilderness, then the reduction in allowable sale quantity would be even greater. It is estimated that the impact would be approximately 500 million board feet per decade to a total of 2.88 billion board feet per decade. Again, there is no environmental impact resulting from timber harvest which justifies this punitive reduction in the timber base.

Some people have argued that Section 705 should be repealed because it makes the Tongass different from every other National Forest. Congress made the Tongass different from every other National Forest in 1980 when in Section 703 as part of ANILCA, it designated so much wilderness on the forest that the non-wilderness lands which remained open to timber harvest could not support the then-existing level of jobs on a sustained yield basis. Section 705, which was based on an alternative to TLMP recommended by the Regional Forester in 1979 was designed to solve this problem. The idea, then, was to use intensive management monies to increase the sustained yield from the non-wilderness lands open to timber harvest and, thus, provide a sustained yield harvest of 4.5 billion board feet per decade. Currently, the Alaska Loggers Association recognizes the need for a change in the Tongass Timber Supply Fund.

It has always been the case that the amount harvested in any one year would depend upon market demand, but the Forest Service is required to retain a sufficient land base, so that using intensive management monies, it can achieve a harvest level of 4.5 billion board feet per decade. The Alaska Loggers Association believes it essential to maintain a timber program which makes available a supply of 4.5 billion board feet per decade. (The annual harvest level within the decade will respond to market demand.)

Some people have argued that the 4.5 billion board feet allowable sale quantity should be repealed because it drives the planning process thereby subjecting fish, game and other resources to the risk of inadequate protection. This is wrong for at least two reasons: First, the 4.5 billion is needed only because Congress designated so much wilderness in 1980 that the remaining non-wilderness land is insufficient to maintain the job base. Accordingly, from a substantive point of view, repealing the 4.5 billion and rolling back the amount of wilderness would be the best way to put the Tongass planning process in the same position that it enjoys on other National Forests.

Second, there are only 3.9 million acres of commercial forest land not in wilderness. Of this, 2.2 million acres are not scheduled for harvest, leaving only 1.7 million acres available to protect the job base. This can only occur if there is sufficient funding to provide precommercial thinning, construction of roads into marginal areas and the Region 10 timber management budget. Accordingly, with sufficient funding, the additional acreage provides a buffer so that the 4.5 billion board feet will not affect the planning process or the ability to protect other resources. For these reasons, the ALA does not believe that the 4.5 billion board feet impacts the planning process any more than the wilderness the Forest Service has already designated affects the planning process. It follows that the argument to roll back the 4.5 billion to protect the planning process applies equally to rolling back the wilderness to protect the planning process.

Some people have argued that the 4.5 billion constitutes a mandated cut. The truth is that the 4.5 billion is an allowable sale quantity which represents the maximum that can be harvested for the decade. The amount that is made available for harvest each year depends upon market demand.

Regarding the long term sale operation, the following points should be made:

First, these are not long term contracts anymore - there is only 15 years left on one contract and 22 years on the other;

Second, these contracts and the related pulp mills are the foundation to the industry today. They are essential because 50% of the timber stands is over mature timber suitable only for pulping; and they provide a market for the pulp logs from the independent sawmill operators and private Native landowners. They provide a market for chips from sawmilling operations.

Third, cancellation of the contracts obviously would cost the taxpayer hundreds of millions of dollars. The proponents of cancellation have not explained to you the full extent of the government's exposure. While the Alaska Loggers Association does not know the full extent of this exposure, clearly it would cost in the hundreds of millions of dollars to purchase the rights and pay damages for the mills of these contracts. This says nothing about the indirect cost to the government of social disruption to communities throughout Southeast Alaska.

When people are put out of work in Southeast Alaska, it is not like losing a job in the Lower 48. There are no roads connecting communities. There are few alternative jobs. Usually, losing one's job means leaving Southeast Alaska with major attendant family dislocations and impacts. The impacts on people deserve some consideration.

Finally, making land allocations in advance of TLMP makes a mockery of the planning process. Congress put the Resources Planning Act into operation and amended it with the National Forest Management Act of 1976. The idea of the planning process is to determine, among other things, which lands should be set aside in an administrative category. To have Congress designate those lands a few months in advance of the planning process because the environmentalists do not trust the Forest Service is a bad precedent. At least this Committee should see what the proposals of the Forest Service are without trying to influence those proposals by legislation before they are made.

If this Committee makes the mistake of allowing environmental groups to dictate the results of the process in advance of the forest planning process, you can be assured that each of the forest plans on other National Forests will be brought before you to be tailored in a way most advantageous to the environmental community. This would be a mistake.

THE ALASKA DELEGATION BILL. It would be wrong to say that the timber industry is happy about the proposed loss of the intensive management monies being provided through the Tongass Timber Supply Fund. We are concerned that we will fight the Tongass battle year in and year out in front of the Appropriations Committees as a result of this change. However, we have been working on this legislation long enough in Washington to realize that in a time of budget cuts for the rest of the country, the actual Tongass appropriation is going to have to be treated like every other National Forest. Accordingly, we support the proposal made by our Delegation, notwithstanding our concerns.

The Alaska Delegation bill proposes mid-course correction in the Tongass program, but does not "throw out the baby with the bath water." It allows continuation of the Tongass Land Management Plan, which has been ongoing for two years and on which the government has already spent $3.7 million. It is, thus, clearly far superior to every other piece of legislation that has been proposed.

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Senator **Murkowski**. Thank you, Mr. Finney. I have just one question.

I am wondering if you could give us your 30-second version of what would happen in your perception to the residents, families and communities of southeastern Alaska with the impact of Senator Wirth's bill. You touched on it.

Mr. **Finney**. Our best estimate that it would be devastating to the area.

Senator **Murkowski**. What does that mean?

Mr. **Finney**. It means that it would take a third of the jobs, the direct jobs, out of the forest.

In addition to that, it would dislocate all the people that are on the forest, these 23 logging communities where people have their homes. There is no other resource development or any other basis which could sustain those people. They would have to leave the forest. They would have to leave Alaska. There is no other resource development that they could go into or could work in. They would be left abandoning their houses because there would be no demand for them. They would have to leave Alaska.

Senator **Murkowski**. Kind of like the Anchorage condominium market?

Mr. **Finney**. Maybe even worse than that.

Senator **Murkowski**. Thank you, Mr. Finney.

Mr. William H. Banzhaf, Executive Vice President, Society of American Foresters.

I think we need to take a break at this time.

[A brief recess was taken.]

Senator **Murkowski**. We will call the hearing back to order.

Our third witness is Mr. William H. Banzhaf, Executive Vice President, Society of American Foresters, Bethesda, Maryland.

Again, I would ask your forbearance to summarize as much of your statements as possible.

Please proceed.

STATEMENT OF WILLIAM H. BANZHAF, EXECUTIVE VICE PRESIDENT, SOCIETY OF AMERICAN FORESTERS

Mr. **Banzhaf**. My name is William Banzhaf.

Senator **Murkowski**. Banzhaf. I will get it yet.

Mr. **Banzhaf**. I have to practice it every morning myself, so I understand.

The Society of American Foresters has 20,000 members and represents all segments of the forest profession, including private and public practitioners, researchers, educators, administrators and students.

This afternoon I would like to very briefly summarize a few of our major concerns included in our written testimony submitted for the record.

Senator **Murkowski**. So noted.

Mr. **Banzhaf**. Thank you.

Although we realize that many of the provisions of ANILCA are fraught with controversy and may require change, mandating these changes as suggested by S. 237 and 346 when only 9 months remain before sound analytical data will be available to guide these changes is truly unwise.

We have been assured by the Forest Service that the planning process and the draft plan has and will include alternatives both within and outside of the ANILCA provisions. On this basis, we strongly urge that you allow the planning process these extra few months to provide both you and the Forest Service with the information necessary to make well-founded land management decisions.

I would like to make a few comments addressing the specific language of the two bills being discussed today as they relate to two issues, the multiple use concept and the land management planning process.

S. 346 states that management of multiple use lands could be better served by emphasizing or putting a priority on such uses as recreation, subsistence, old growth ecosystems, wildlife and fish habitat, and cultural and biological diversity. Though these uses are as legitimate as timber and mining, they should not be emphasized on multiple use lands at the exclusion of others.

S. 237 potentially affects the land management planning process by mandating the 4.5 billion board foot harvest level and that that level be included in the preferred alternative. While this would effectively maintain the status quo, the Society of American Foresters encourages Congress to delay this decision until the planning process is completed.

S. 346 addresses the land management planning process in detail, and although we are encouraged by the measures in support of the planning process, there are a number of provisions that are troublesome.

The bill mandates a new planning effort when the current effort already addresses the concerns for nontimber uses outlined in S. 346.

It calls for increased protection of nontimber resources in the planning process when the current process is once again already considering alternatives that place greater emphasis on environmental issues.

It ensures that priority would be given to nontimber values and uses when the planning processes was developed to objectively identify the benefits and cost of all forest values before a preferred alternative is identified.

To reiterate, the planning process authorized by legislation is one of the most technically sophisticated in the United States. In particular, the Tongass National Forest state of the art geographic information system will allow planners to analyze the interrelationships of 26 resources simultaneously.

The final plan itself will have approximately 24 different land classifications, from wilderness research to mines.

The 1989 revision will incorporate new yield tables, regeneration tables, biological suitability analyses, public scoping procedures, and sophisticated fish and wildlife models.

We are fully aware that the planning process is not perfect, but the Society of American Foresters believes it is responsive to public input and is effective in managing conflict and guiding management decisions.

We very much appreciate the opportunity to speak this afternoon and would be happy to answer any questions you may have.

[The prepared statement of Mr. Banzhaf follows:]

THE
PROFESSIONAL
VIEW

SOCIETY OF AMERICAN FORESTERS
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STATEMENT OF
WILLIAM H. BANZHAF
EXECUTIVE VICE PRESIDENT
SOCIETY OF AMERICAN FORESTERS
BEFORE THE
SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS, AND FORESTS
COMMITTEE ON ENERGY AND NATURAL RESOURCES
U.S. SENATE
ON
S. 237 AND S. 346 REGARDING
THE TONGASS NATIONAL FOREST

FEBRUARY 28, 1989

Mr. Chairman and members of the Subcommittee, my name is William H. Banzhaf. I am the Executive Vice-President of the Society of American Foresters. I appear before you on behalf of SAF's 20,000 members who represent all segments of the forestry profession including private and public practitioners, researchers, administrators, educators, and forestry students. The Society wishes to thank the members of the Subcommittee for your continued interest in the management of the Tongass National Forest, a forest that contains some of the most valuable commodity and non-commodity natural resources in the nation.

As you are well aware, the current debate over the Tongass has generated considerable controversy over what constitutes professional management of the Forest's 16.7 million acres. The Society is troubled that professional resource management decisions are often perceived to favor one use over another when, in fact, those decisions are legislatively mandated and based on sound biological, economic, and social information. The Society continues to believe that land-use allocation decisions for the Tongass must be made after a thorough study of various social and biological benefits and costs. These variables will be identified in the revised land-management plan, which is scheduled for completion by December 1989.

The Society recommends that Congress take no further action on the Tongass legislation until the revised plan is completed. In addition, the Society has recommended that the Forest Service develop specific land-management planning alternatives independent of existing Alaska National Interest Lands Conservation Act 1980 (ANILCA) criteria. This allows the land-use planning process to work more effectively by enabling the Forest Service to look beyond the current program and land-use mandates set by Congress.

The Society does not advocate one land use over another. Therefore, the remainder of my comments will not address S. 237 or 346 from a land-allocation standpoint, but will address concerns raised from the perspective of a managers' ability to practice responsible forestry on-the-ground. With regard to S. 237 and 346, the Society is concerned with provisions that address (1) section 705(a); (2) the multiple-use concept; and (3) the land-management planning process.

Section 705.(a)

Section 705.(a) of ANILCA mandates that $40 million be made available annually to offer 4.5 billion board feet (bbf) of timber per decade. This provision was designed to ensure that an adequate amount of timber would be available for harvest after approximately 26% of the Tongass' commercial timber base had been designated as wilderness in 1980. This allowable sale quantity was developed from timber inventory information available in 1978, which indicated that 338 million board feet could be produced on a sustained basis and an additional 112 million board feet could be available with additional investments. Only the state of Minnesota, which receives an annual appropriation for intensive timber management on lands bordering the Boundary Waters Canoe Area, has received similar treatment in a "wilderness for timber management" compromise.

Additional investments can produce more fiber, should that objective be identified, as it was in ANILCA. This result can also be achieved in an environmentally sensitive manner. Forest Service statistics point out that intensive investment would gain 34 mmbf from annual precommercial thinning, 60 mmbf from road building, and 18 mmbf from use of advanced logging technology.

Both S. 237 and 346 repeal the $40 million fund while S. 346 also repeals the 4.5 bbf per decade harvest level. The Society believes the 4.5 bbf is professionally attainable from a timber management perspective if funds are made available. However, at issue is the appropriateness of mandating harvest level targets on multiple-use lands. The land-management planning process should give forest managers better information on the effect of this intensive timber management on other equally important forest resource uses.

Multiple Use

S. 346 states that management of multiple-use lands will be better served by emphasizing or putting a priority on such uses as recreation, subsistence, old-growth ecosystems, wildlife and fish habitat, and cultural and biological diversity. Though these uses are as legitimate as timber and mining, they should not be emphasized on multiple-use lands at the exclusion of others. If emphasis of one use over another is preferred, such as wilderness or intensive timber management, congressional direction should address it in those specific terms, as ANILCA currently does.

As currently worded, S. 346 contradicts the Multiple-Use Sustained-Yield Act, which lists uses in alphabetical order to avoid prioritization and states that forests shall be managed:

> ... in a combination that will best meet the needs of the American people; making the most judicious use of the land for some or all of these resources or related services over areas large enough to provide sufficient latitude for periodic adjustments in use to conform to changing needs and conditions.

The Society believes this passage clearly points out that resource managers should have the latitude to emphasize one use over another as the demand or need arises. Legislatively mandating a definition of multiple-use that forgoes certain uses contradicts the authorizing legislation's intent.

Land Management Planning

S. 237 potentially effects the land management planning process by mandating that 4.5 bbf harvest level be included in the preferred alternative. While this would effectively maintain the status quo, the Society encourages Congress to delay this decision until the planning process is completed.

S. 346 addresses the land management planning process in detail. Though the Society is encouraged by the measure's support of the planning process, there are a number of provisions that are troublesome. These include:

- Section 201.(a) (1) deletes timber and mineral uses from the list of forest resources that are beneficial to the economies of southeast Alaska.
- Section 201.(a) (3) states current management of the Tongass is inconsistent with the Multiple-Use Act (1960), Renewable Resources Planning Act (1974) (RPA), and the National Forest Management Act (1976) (NFMA). The Society maintains it is a number of provisions of S. 346 that contradict the planning process outlined in RPA and NFMA.
- Section 202.(a) mandates a new planning effort, when the current effort already addresses the concerns for non-timber uses outlined in S. 346.
- Section 202.(b) calls for increased protection of non-timber resources in the planning process, when the current process is already considering alternatives that place greater emphasis on environmental values.
- Section 202.(c) ensures priority would be given to non-timber values and uses, when the planning process was developed to objectively identify the benefits and costs of all forest values before a preferred alternatives is identified.

The Society has been monitoring the Tongass Land Management Plan revision and believes forestry professionals are making a good faith effort to inventory the condition of all forest resources and, more importantly, develop alternatives with and without the constraints imposed by ANILCA. In particular, the Forest's state-of-the-art geographic information system will allow planners to analyze the interrelationships of 26 resources simultaneously. The final plan itself will have approximately 24 different land classifications from wilderness research areas to mines. Additionally, the 1989 revision will incorporate new yield tables, regeneration tables, biological suitability analyses, public scoping procedures, and sophisticated fish and wildlife models.

Developing a land management plan is a long and complex process that takes years of inventory, analysis, and development of alternatives. The planning effort on the Tongass, which has incorporated extensive public involvement from citizens throughout the nation, is nearly completed. The Society asserts the draft plan should be released before it is criticized as it is in S.346.

Conclusion

In response to forestland management and program controversies in the 1970s, Congress enacted RPA and NFMA. The planning process authorized by legislation is one of the most technically sophisticated in the United States. Although the planning process is not perfect, the Society believes it is responsive to public input and is effective in managing conflict and guiding management decisions.

The Society believes the existing land-management planning process as the most appropriate vehicle for making changes in special provisions for the Tongass National Forest. We are especially concerned that any legislation that interferes with this process would have negative implications for professional land management throughout the nation.

It is important to understand that the Society took a similar position on the original version of the Winding Stair Mountain National Recreation and Wilderness Area Act where "public enjoyment" and "aesthetics" were given priority over wildlife in an action apart from the planning process. The Society feels that congressionally mandating resource uses, with the exception of wilderness where it is required, is not consistent with the spirit of the RPA and NFMA. In addition, the Society feels the Forest Service's public involvement programs provide an adequate vehicle for incorporating public opinion. The integrity of forest planning is at stake.

Thank you for this opportunity to present our views. We would be happy to answer any questions you may have.

Senator **Murkowski**. I appreciate your testimony, Mr. Banzhaf. You indicated that you felt that with regard to the TLMP study under way that it was meaningful. Can you evaluate where it would be in your opinion as a consequence of Senator Wirth's bill, S. 346, recognizing that we have already heard some testimony with regard to the utilization of it if, indeed, S. 346 passed?

Mr. **Banzhaf**. Well, if S. 346 passed it would appear that we would essentially begin again the planning process and that the information that will hopefully be available in nine months, the decision to renew the planning process would be made even before we actually had that date available to us.

Senator **Murkowski**. Thank you. Thank you for your testimony.

I would call on Mr. Gerald Gray, Director of Resource Policy, American Forestry Association, Washington, DC.

STATEMENT OF GERALD GRAY, DIRECTOR OF RESOURCE POLICY, AMERICAN FORESTRY ASSOCIATION

Mr. **Gray**. Thank you, Mr. Chairman.

I am Gerald Gray, Director of Resource Policy for the American Forestry Association. We are the national citizens organization for trees, forests and forestry, and we are very pleased to be here today to share with you our views on the Tongass National Forest because we believe that this forest is indeed important to all Americans and that what happens here will set an important precedent for the management of all national forests.

My testimony today will basically support the need for reform of ANILCA to provide for more rational management of the Tongass National Forest; but we also recognize the need to treat the people and communities of southeast Alaska fairly.

My remarks will be focusing on S. 346 which we believe provides the basic reforms necessary to achieve rational management, although we do have some concerns with this bill. We cannot support S. 237 which repeals only the $40 million annual appropriation for timber management because this bill does maintain a prescriptive timber supply goal of 4.5 billion board feet per decade and thus restricts the flexibility of the current forest planning process.

The American Forestry Association believes the timber management program on the Tongass should be developed on the basis of the resource capacity of the forest as outlined in the modern forest plan, and that should be in compliance to the National Forest Management Act.

Annual timber sale volumes and road construction programs should be shaped in the short term by signals from the marketplace. The Tongass timber program should not be directed by the Congressional mandates within ANILCA any more than any national forest should be in the entire national forest system.

This is why we support S. 346, which does repeal the 4.5 billion board foot target. As I mentioned, however, we have a couple of concerns. One deals with fairness to the people and community of southeast Alaska. Although Senator Wirth's bill repeals the $40 million annual appropriation for timber management, we believe that an annual allocation of economic development funds may in fact be justified due to the land management decisions dating to ANILCA.

Should, Mr. Chairman, you and other members of this committee feel that southeast Alaska is deserving of special financial assistance because of the wilderness set asides, we would urge that such funds be used in a much broadened program to strengthen and diversify the region's natural resource-based economy and to maintain and improve environmental resources.

Another concern we have with S. 346 has to do with section 202 of the bill which directs the Forest Service to fully revise the Tongass Land Management Plan of 1979 and, in so doing, to significantly increase the protection of fish, wildlife, watershed and other management resources.

As stated by the Forest Service and other witnesses here, we believe this language comes very close to management by Congressional mandates, and we would urge that such prescriptive language be taken out of such bills and provide the Forest Service with more flexibility and less bias during the planning process.

With respect to the long-term timber contracts, to this point we have not seen any information clearly identifying the effects of terminating these contracts. We do not know what the effects will be on the large pulp mills, on the smaller saw mill operations of the independent contractors, or the native corporation on private lands.

We would urge that rather than terminate these contracts unilaterally, the Forest Service be instructed to enter into renegotiations of these contracts with the pulp companies.

Finally, with respect to the moratorium on the 23 areas identified in S. 346, we believe that because these lands have been highly contentious for the past several years, it may be warranted to set these lands aside from timber harvesting at this point in time just temporarily to allow the forest management plan to be completed while these lands are preserved without having any ecological impact at this time.

Our assumption is that in the short term, there will not be any significant effect on timber supply available to dependent industries.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Gray follows:]

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Statement of

Gerald J. Gray
Director of Resource Policy
American Forestry Association

before the

Senate Committee on Energy and Natural Resources
Subcommittee on Public Lands, National Parks & Forests

on

Issues related to the management of the Tongass National Forest

February 28, 1989

Mr. Chairman. Members of the Subcommittee.

I am Gerald Gray, Director of Resource Policy for the American Forestry Association, the national citizen's organization for trees, forests and forestry. We are pleased to have this opportunity to share with you our views on the Tongass National Forest because we believe that what goes on in the Tongass affects all Americans and sets an important precedent for the management of all national forests.

Some years ago, a compromise was struck in Congress which apparently satisfied all interests. In return for a sizable wilderness set-aside in the Alaska National Interest Lands Conservation Act of 1980 (ANILCA), timber management in Southeast Alaska was intensified as a way of protecting jobs and communities in that region. That seemed to work for a while, but conditions changed, and the law now appears obsolete.

We have listened to the argument that "a deal is a deal." We have also listened to the very real concerns of people who feel that the special treatment given to the Tongass in recent years was a reasonable accommodation in light of the intensely political climate in which wilderness areas in the Forest were established before the forest planning process was allowed to complete its work. But today, we believe the facts demonstrate that a bad deal is a bad deal. We feel the situation has reached a point where a new solution must be sought. As a result, we support reform of ANILCA to provide for rational management of the Forest, while recognizing the need to treat the people and communities of Southeast Alaska fairly.

The National Citizens Organization For Trees, Forests, and Forestry

Our testimony today will focus on S. 346, the Tongass Timber Reform Act, which we believe provides the basic reforms necessary to achieve rational management. We cannot support S. 237, which repeals only the $40 million annual appropriation for timber management, because it maintains the prescriptive timber supply goal of 4.5 billion board feet per decade, restricting the flexibility of the current forest planning process to set its own targets. It also maintains the exemption from the requirement in the National Forest Management Act of 1976 to identify lands not suitable for timber management. This, we believe, could result in timber management on marginal lands, and exacerbate the already bad economics of the timber program.

Forest Management and Planning

Although the timber industry has recovered in the past couple years due to increased wood product demand and favorable exchange rates, and the regional economy has rebounded as well, Southeast Alaska is still an area of intense conflict over complex social, economic, and environmental issues related to the management of the Tongass National Forest. These issues have pitted Alaskans against Alaskans, against "outsiders" from the lower 48, while the Forest Service and the timber industry are lined up against just about everybody else in a controversy that no one can win.

The Forest Service receives most of the public blame for the current mismanagement in the Tongass, but it is our feeling that this is a bum rap. The causes are several, diverse, and complex, but the American Forestry Association believes a principal culprit is a practice that might be called "management by statute." The Tongass has been, and continues to be, managed under prescriptive legislation that preempts rational management decisions by the Forest Service.

Section 705(a) of ANILCA has been interpreted as directing the Forest Service to offer for sale, regardless of market conditions, 4.5 billion board feet of timber per decade, and to spend at least $40 million annually to maintain the timber supply to dependent industry, largely through the construction of timber access roads. The timber must be offered for sale regardless of the market's economic climate, and the roads are to be built regardless of actual need. In other words, this is a provision which lets the timber industry harvest logs when the market is right and turn into road construction firms when the market is down. During the recession of the early 1980's, millions of dollars were spent each year to construct roads though they had little promise of economic return and caused ecological disruption.

A major problem with this 1980 deal is that it locks spending into one aspect of the situation on the Tongass -- timber supply and roads -- without really dealing with some basic issues of forest integrity and economic stability. But laws are not easy to change, and when a Forest's direction has been set by legislation, it is far too inflexible to be practical. If nothing else, the furor of the Tongass debate proves that. We think it also proves a principle -- dictating the management details of any National Forest by federal legislation is doomed to failure.

The American Forestry Association believes the timber management program on the Tongass should be developed on the basis of the resource capacity of the Forest, as outlined in a modern forest plan, completed and periodically updated in response to the National Forest Management Act of 1976. Annual timber sales volumes, and road construction progress, should be shaped in the short term by signals from the market place. The Tongass timber program should not be directed by Congressional mandate, any more than any other National Forest should be.

Our support of S. 346 does carry a couple of caveats. The first involves the issue of fairness to the people and communities of Southeast Alaska. Although the bill repeals the $40 million annual appropriation for timber management, we believe that an annual allocation of economic development funds may be justified in light of the history of land management decisions dating back to ANILCA. Should Congress feel that Southeast Alaska is still deserving of special financial assistance in view of ANILCA's significant wilderness set-asides, we would urge that such funds be used in a much-broadened program, to strengthen and diversify the region's natural resource-based economy, and to maintain and improve environmental resources. This fund could, for example, be used to improve fish and wildlife habitat, develop better facilities, management and interpretation programs to increase recreational revenues, or initiate a system of marine management areas, in addition to helping foster a rational program of timber development. Such a fund would buffer the economy of Southeast Alaska against the wide swings that characterize a region dependent upon one major resource-based commodity such as timber.

The other caveat has to do with Section 202 of the bill which directs the Forest Service to fully revise the Tongass Land Management Plan of 1979 to be consistent with the bill's provisions, and in doing so, to significantly increase the protection of fish, wildlife, watershed, recreation, cultural resources, biological diversity, old growth, and subsistence values. The language in this section is open to various interpretations, but we feel it comes dangerously close to "management by statute," especially when it requires that specific attention be given to high volume old growth. We urge that this type of prescriptive language be changed to allow the Forest Service to pursue its planning process with greater flexibility and less bias, as it does on other national forests.

We are also concerned about the statement in Section 202 that the new plan revision "shall supersede the forest plan revision currently underway." A tremendous amount of time and resources have been invested by the Forest Service in developing the current plan revision. Though the current draft plan would certainly have to be revised to incorporate the provisions of this bill, if it were enacted, we believe that much of the underlying effort would still be relevant and could be retained. We would not want to see the current planning effort essentially scrapped, with a directive to the Forest Service to start planning anew.

Long-Term Contracts

Cancellation of the two 50-year contracts with Alaska Pulp Corporation and Ketchikan Pulp Company could have significant impacts on the structure and viability of the timber economy in Southeast Alaska. To our knowledge, no one has clearly identified the effects of terminating these contracts on the two large pulp companies and the smaller sawmill operators working on the Tongass. Due to this uncertainty, we support renegotiation of the long-term contracts rather than cancellation. As guiding principals, we believe the renegotiation should promote fair competition within the timber industry, enhance the protection of fish and wildlife resources and habitats, and bring the forest planning and management on the Tongass into conformance with practices on other national forests.

Moratorium on Fish and Wildlife Areas

The 23 areas identified in S. 346 for temporary protection from timber harvesting activities have been highly controversial over the last couple of years due to their recognized values for fish and wildlife habitat. We believe the appropriate way to resolve these issues is through the land management planning process. Therefore, while the current plan revision is being completed, placing a moratorium on timber sales in these areas seems a logical way to preserve their ecological integrity and maintain a wider range of management options for the planning process. In our support of this provision, we are assuming that this moratorium, over the short term, will not have a significant impact on timber supply available to the industry, though it might affect specific harvesting plans.

In summary, the American Forestry Association believes that repealing the forest management provisions of the Alaska National Interest Lands Conservation Act of 1980 will relieve some of the immediate problems on the Tongass. It will allow the current forest plan revision process, which is due out with a draft at the end of this year, to sort out the resource facts and help establish a new basis for management decisions without legislative constraints. We also believe that a timber sale moratorium on the 23 controversial fish and wildlife areas in the Tongass is warranted, since the planning process should be the place to resolve this controversy. For these reasons, we are supportive of S. 346. However, we are concerned about language in Section 202 of the bill that seems to establish new legislative prescriptions, just as we are repealing others. We also prefer renegotiation of the two long-term timber contracts, as opposed to cancellation, since there is a high degree of uncertainty about the potential implications for the region's timber economy. Finally, we believe that a special economic development fund for Southeast Alaska may still be warranted in view of ANILCA's history, but that such a fund should be a broad program focusing on diversification of the natural-resource economy and environmental enhancement.

Thank you. We would be pleased to respond to any questions.

Senator **Murkowski**. Thank you, Mr. Gray.

Under the assumption that Senator Wirth's bill would cancel the contracts and the pulp mills would cease to exist, what in your opinion would be appropriate forest management practices to utilize the 40 percent of the timber that is in the commercial area, 1.7 million acres, to utilize that wood fiber?

Mr. **Gray**. Is your point what would be——

Senator **Murkowski**. Will you leave it there or export the chips? What would we do with it?

Mr. **Gray**. My understanding is that the industry is highly interdependent between the pulp mills and the saw mills. That is why I think that there would be—I am not sure what you would do. You would need to provide some kind of a pulp base as far as I understand.

Senator **Murkowski**. To replace the pulp base we have?

Mr. **Gray**. Yes.

Mr. **Edwards**. Senator, if I may provide an answer to that?

Senator **Murkowski**. I do not want to open it up to a counter because then we have to open it up to everybody.

We will proceed with our next witness. Mr. David A. Anderson, Southeast Regional Supervisor for the Division of Wildlife Conservation, Alaska Department of Fish and Game, Juneau. We welcome you and look forward to your testimony and would ask that you, too, summarize, please.

Please proceed.

STATEMENT OF DR. DAVID A. ANDERSON, SOUTHEAST REGIONAL SUPERVISOR, DIVISION OF WILDLIFE CONSERVATION, ALASKA DEPARTMENT OF FISH AND GAME

Dr. **Anderson**. Thank you, Mr. Chairman. I certainly appreciate this opportunity.

As you mentioned, my name is Dr. David A. Anderson. I am currently the Southeast Regional Supervisor for the Division of Wildlife Conservation, Alaska Department of Fish and Game, and my home is Juneau. I hold a Ph.D. in wildlife science from the College of Forest Resources at the University of Washington. I supervise all state wildlife research and management programs on the Tongass National Forest.

I am here today at the request of the committee to testify on behalf of the Alaska Department of Fish and Game on technical issues related to the impacts of current forest management practices on wildlife and upon the habitat upon which it depends.

I would like to begin by noting that the Tongass National Forest contains the last major expanses of pristine temperate rain forest in North America. The remote wilderness character of much of the region provides habitat for abundant fish and wildlife resources, many of which have been mentioned here by other individuals and which I will not repeat, as well as refugia from which harvested wildlife populations can be replenished on a sustained yield basis.

Although it is true that most of the Tongass land base will never be logged, I believe that it is important to recognize that the most important wildlife habitat occurs in the comparatively rare productive high volume stands that are also of major importance for timber production.

Two-thirds of the Tongass is rock, ice, scrub forest and alpine tundra. The remaining one-third is classified as commercial forest land. Of this, only 4 percent of the land base or approximately 672,000 acres is classified as high volume. This means at least 30,000 board feet per acre.

Finally, less than 1 percent of the entire land base or approximately 114,000 acres exists in the highest volume class, volume class 7, over 50,000 board feet per acre.

What does all this have to do with wildlife diversity and abundance? As is the case virtually everywhere on earth, the most productive sites for timber and agriculture also have high potential for wildlife production. The Tongass is no exception. The high volume stands on low elevation uplands or in river and stream bottoms and so-called riparian systems where soils are productive are the focus of much of the tradeoff between timber production and wildlife.

It is these stands that provide critical winter habitat for deer as well as life history requisites for other species of wildlife such as mountain goats, a variety of fur bears, brown bears, cavity-nesting birds and numerous invertebrates, the relationships of which many are not fully understood.

It is also these stands that are of primary interest to the timber industry. To point that out, between 1980 and 1986, inclusive, the average volume per acre harvested from the Tongass exceeded 54,000 board feet.

Now, in fairness I cannot speak to the years 1987 and 1988 because I do not have that data with me. If there are changes in that trend that have occurred during those 2 years, I would certainly be interested to know about that.

As a matter of perspective, 50 percent of the highest volume stands, those in excess of 50,000 board feet per acre, have already been harvested since 1950, and of the remainder, 50 percent will be logged in the next 40 years under the current schedule.

It is a commonly-held view, and understandably so, that clear cut logging benefits deer populations. Deer populations are now at very high levels in parts of southeast Alaska, and deer populations flourish in the Pacific northwest in some areas where pristine forest is virtually absent.

Despite these observations, research conducted by the Division of Wildlife Conservation indicates that current management practices and direction on the Tongass will in fact reduce deer numbers over time. To understand why, very briefly we need to focus on two things: snow; and development of the forest canopy or the so-called overstory.

High volume old growth on low elevation sites is unique among forest types because it both intercepts the snow and provides abundant forage plants for deer. Conversely, second growth forest which replaces these stands are dark, relatively devoid of forage, intercepts less snow and are of little value to deer and other old growth dependent species.

Now in southeast Alaska, we have not had what anyone would call a severe winter in about 17 years. I believe that is a piece of good luck. Also, much of the timber harvest had occurred during this time frame. These events combined to create the impression that logging has been good for deer. As canopy closure begins to occur, however, logged areas will become dark, devoid of forage and virtually useless to deer for 150 to 200 years when old growth conditions begin to reobtain or develop once more.

When a severe winter does return, clear cuts will be buried, and deer will seek refuge in the remaining high volume winter range where snow accumulation is low and forage is abundant.

The Alaska Department of Fish and Game predicts that under current harvest schedules and long-term average weather patterns—and that is an assumption in this prediction, and I admit that none of us are soothsayers or prognosticators but we do the best we can as wildlife managers to try to plan for attainable objectives—deer will decline by 50 to 75 percent in over half of the watersheds scheduled for logging in the next 100 years.

I hasten to add to that that our data indicate there are about 461 so-called VCUs roughly equivalent to a watershed which will be entered. Additionally, there are 191 which have some deer populations that will not be entered.

Habitat models developed jointly by the Department of Fish and Game and the Forest Service for the Tongass land management plan revision predict similar declines as a result of timber harvesting in important winter ranges and indicate that current and future human demands for deer would not be met in many southeast Alaska communities.

I use deer only as an example. Problems also exist with other species. I will mention brown bears, who rely heavily on river and stream bottom habitat for foraging and cover.

Roading, increased human activity and the improper handling and disposal of garbage are inimical to the welfare of these large carnivores.

One last comment in closing, the old growth forest of southeast Alaska supports a unique and still largely intact or pristine wildlife fauna. This forest habitat is nonrenewable on a 100-year rotation. By that I mean that old growth conditions require centuries to develop, and there is little or no evidence that old growth conditions can be recreated through intensive management of second growth.

In the future, wildlife diversity and abundance in southeast Alaska will to a large extent depend on the extent to which representative high quality habitat is retained. It is generally not possible to maximize wildlife production and timber production on the same acre of ground.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Anderson follows:]

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22 February 1989

STATEMENT OF DAVID A. ANDERSON, ALASKA DEPARTMENT OF FISH AND GAME, BEFORE THE SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS AND FORESTS, U.S. SENATE, PERTAINING TO TONGASS TIMBER REFORM LEGISLATION

My name is David A. Anderson. I am the Southeast Regional Supervisor for the Division of Wildlife Conservation, Alaska Department of Fish and Game, Juneau. I hold a M.Sc degree in mathematics and a Ph.D in wildlife science from the College of Forest Resources at the University of Washington. My Ph.D dissertation involved the ecology of black-tailed deer in intensively managed forests. I also served one year as assistant research professor conducting work on deer and elk in intensively managed forests in the Pacific Northwest. I have been with the Alaska Department of Fish and Game for over seven years, and I currently supervise all state wildlife research and management programs on the Tongass National Forest. I am here today at the request of the committee to testify on behalf of the Alaska Department of Fish and Game on technical issues related to the impacts of current forest management practices on wildlife and the habitat upon which it depends.

I would like to begin by noting that the Tongass National Forest contains the last major expanses of pristine temperate rain forest in North America. The Tongass supports a diversity of fish and wildlife resources including Sitka black-tailed deer, marten, river otters, mountain goats, and moose, as well as the largest population of bald eagles found anywhere on earth. Brown bears occur in abundance, and several unique subspecies of small mammals such as the Prince of Wales flying squirrel contribute to species richness and diversity. Abundant salmon streams provide food for numerous carnivores, and the

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remote wilderness character of much of the region provides refugia from which harvested wildlife populations can be replenished.

It has been argued that current forest management practices on the Tongass do not place wildlife at risk, because only a very small fraction of the entire land base will ever be logged. Although it is true that most of the Tongass land base will never be logged, it is important to recognize that the most important wildlife habitats occur in the comparatively rare productive high-volume stands that are also of major importance for timber production. Two-thirds of the Tongass is rock, ice, scrub forest, or alpine tundra. The remaining one-third is classified as commercial forest land. Of this, only 4 percent of the land base (672,000 acres) is classified as high volume. This means at least 30,000 board feet per acre. Finally, less than 1 percent of the entire land base (114,000 acres) exists in the highest volume class (over 50,000 board feet per acre).

What does all this have to do with wildlife and biological diversity? As is the case virtually everywhere on earth, the most productive sites for timber or agriculture also have high potential for wildlife production. The Tongass is no exception. The high volume stands on low elevation uplands or in river and stream bottoms where soils are productive, are the focus of the tradeoff between timber production and wildlife. It is these stands that provide critical winter habitat for deer, as well as life history requisites for other species of wildlife, such as mountain goats, furbearers, brown bears, cavity-dependent birds, and numerous invertebrates; and it is these stands that are of primary interest to the timber industry. Between 1980 and 1986 inclusive, the average volume per acre harvested from the Tongass exceeded 54,000 board feet. Fifty percent of the highest volume stands (those in excess of 50,000 board feet per acre) have already been harvested, and of the remainder, 50 percent will be logged in the next 40 years under the current schedule.

It is a commonly-held view, and understandably so, that clearcut logging is good for deer. Deer populations are now very high in parts of southeastern Alaska. And deer populations flourish in the Pacific Northwest in areas where pristine forest is virtually absent. Despite these observations, our research indicates that current management direction on the Tongass will reduce deer numbers over time. To understand why, we need to focus on two things: snow, and development of the forest canopy or overstory. High volume old growth on low-elevation sites is unique among forest types because it intercepts snow and provides abundant forage plants. Conversely, second-growth forests which replace these stands are dark, relatively devoid of forage, intercept less snow, and are of little value to deer and other old-growth dependent species.

In the intensively managed forests of the Pacific Northwest, snowfall does not remotely approach that of Southeast Alaska. Even so, in the rare years of heavy snow in Washington and Oregon, such as those occurring in the late 1940's and early 1950's, catastrophic deer die-offs occurred. However, in general, where most of the habitat is already second growth (e.g. western Washington), clearcut logging opens up the forest canopy and releases a profusion of deer food plants until canopy closure occurs 10 or 20 years down the line.

In Southeast Alaska, we have not had a really severe winter in about 17 years. That is a piece of good luck. Also, much of the timber harvest has occurred in this time frame. These events combine to create the impression that logging has been good for deer. As canopy closure begins to occur, however, logged areas will become dark, devoid of forage, and nearly useless to deer for at least 200 years when old-growth conditions begin to develop once again. And when a severe winter returns, clearcuts will be buried, and deer will seek refuge in the remaining high-volume winter range where snow accumulation is low and forage abundant.

The Alaska Department of Fish and Game predicts that under current harvest schedules and long-term average weather patterns, deer would decline by 50 to 75 percent in over half of the watersheds scheduled for logging in the next 100 years. Habitat models developed jointly by ADFG and the Forest Service for the TLMP revision predict similar declines as a result of timber harvesting in important winter ranges, and indicate that current and future human demands for deer would not be met in many Southeast Alaska communities.

I have used deer as an example. Problems also exist with other species such as brown bears who rely heavily on river and stream-bottom habitat for foraging and cover. Roading, increased human activity, and improper garbage handling and disposal are inimical to the welfare of these large carnivores.

The old-growth forest of Southeast Alaska supports a unique and still largely pristine fauna. This forest habitat is nonrenewable on a 100-year rotation. That is, old-growth conditions require centuries to develop, and there is little or no evidence that old-growth conditions can be recreated through intensive management of second growth. In the future, wildlife diversity and abundance in Southeast Alaska will depend on the extent to which representative high-quality habitat is retained. It is generally not possible to maximize wildlife production and timber production on the same acre of ground.

A SUMMARY OF FISH AND WILDLIFE VALUES OF THE 23 AREAS RECOMMENDED FOR PROTECTION BY HR 987

Prepared by the Alaska Department of Fish and Game, Division of Wildlife Conservation

Anan Creek

An area of 37,331 acres located on the mainland south of Wrangell that drains into the southwestern end of Bradfield Canal. This area has long been recognized as a high value wildlife area, especially for black and brown bears. It is one of the few places in Southeast where black and brown bears can be observed together. The area was closed to the hunting of black bears before statehood to promote bear viewing opportunities. During the summer and fall months, black bears are numerous along the stream, attracted by the abundant spawning salmon. The Forest Service maintains 2 cabins for recreational use.

Berners Bay

A high value fish and wildlife area of 35,379 acres located north of Juneau on the mainland coast. The area is unique because it is a large mainland river system that does not extend into Canada. Moose were introduced here in 1951; now the area provides a high quality hunting experience for state residents, primarily from nearby Juneau. The area also provides high quality habitat for brown and black bears, marten, river otters, wolves, and beaver. Mountain goats and eagles are moderately abundant; harbor seals, sea lions, and whales are common in the bay. The Berners, Lace, and Antler/Gilkey rivers are major anadromous streams flowing into the bay. They produce 4 species of salmon along with rainbow, steelhead, cutthroat, and Dolly Varden. The late run of coho in the Berners River provides an important food source for the numerous brown and black bears.

Calder/Holbrook

An area of 62,335 acres located on northwest Prince of Wales Island and north Kosciusko Island. A high value wildlife area; it supports some of the highest numbers of deer on Prince of Wales Island. Also, it provides excellent habitat for black bear, marten, and river otters. Migratory waterfowl concentrate on the estuarine sedge-grass flats at the head of Calder Bay; Buff Island has a seabird colony and harbor seal haul-out. The area is used primarily by residents of nearby Point Baker, Port Protection, and Edna Bay. As the amount of high quality wildlife habitat is reduced on nearby areas by timber harvest, this area will become more valued for its wildlife habitat. Many productive fish streams are found here supporting pink, chum, and coho salmon along with rainbow, steelhead, cutthroat, and Dolly Varden. Shipley and Sutter drainages support especially good runs of sockeye salmon. Herring spawn in Labouchere Bay; dungeness crab mature in several of the bays.

Chichagof

A portion of central Chichagof Island (353,540 acres) that extends from Icy Strait to upper Hoonah Sound. The area includes some of the more important fish and wildlife areas on Chichagof Island, including Idaho Inlet, Port Althorp, Goose Flats, Crab and Seal bays, Lisianski River, and upper Hoonah Sound. Excellent brown bear habitat throughout - the protection of this area would help insure the long-term maintenance of a healthy brown bear population on Chichagof Island. Port Althrop is closed to bear hunting to promote viewing. Some of the highest deer densities in southeast Alaska are found in this area, especially in upper Hoonah Sound and Tenakee Inlet. Also, the area provides excellent habitat for marten, river otters, bald eagles, waterfowl, and numerous forest birds. Sea otters are found in Port Althrop. The fish resources are great. The Lisianski River is one of the top 5 salmon producers in the region. It also has substantial populations of rainbow, steelhead, cutthroat, and Dolly Varden. The Trail River in Idaho Inlet is one of the top 5 pink salmon streams on Chichagof Island. The area contains numerous other productive bays, rivers, and lakes.

Chuck River

An area of 125,574 acres located on the mainland coast south of Juneau. A high value fisheries area, Chuck River is one of the highest producers of pink salmon in southeast Alaska. Also, it supports high populations of 4 other salmon species along with rainbow, steelhead, cutthroat, and Dolly Varden. Because of the rich fisheries resource, the area supports good populations of black bear.

Kadashan

A high value fish and wildlife area of 33,641 acres located on the south side of Tenakee Inlet across from the community of Tenakee Springs. An extremely rich and diverse wildlife area, Kadashan provides habitat for one of the highest density brown bear populations in Southeast. Also, it has some of the highest density deer populations in Southeast along with abundant numbers of marten, river otters, and waterfowl. The Kadashan River is one of the top 5 producers of pink salmon in

Southeast, and it is among the top 10 chum salmon producers. The drainage also supports high numbers of coho salmon along with rainbow, steelhead, cutthroat, and Dolly Varden. Because of the abundant fish and wildlife resources, Kadashan has been the site of numerous research projects including long-term monitoring of fish escapements.

Karta River

An area of 38,671 acres located on central Prince of Wales Island. A high value fish and wildlife area, the Karta River is one of the most productive anadromous fish systems on Prince of Wales Island. A high producer of pink, chum, and sockeye salmon, the drainage also supports rainbow and cutthroat trout, spring and fall steelhead runs, and Dolly Varden. An excellent black bear and marten area, it also supports moderate numbers of deer, wolves, river otters, bald eagles, and wintering trumpeter swans. The estuary is important for waterfowl along with shrimp and dungeness crab. A high recreational use area, the Forest Service maintains 4 cabins and a trail system.

Kegan Lake

A highly scenic area of 23,858 acres located on southeastern Prince of Wales Island. The area is considered high value for fish and wildlife. The 3 large lakes, river, tide flats, and extensive alpine areas provide a scenic setting for fishing, hunting, and other forms of outdoor recreation. It is an important area for black bear, marten, and river otters. The lakes and stream are known for their excellent trout and salmon fishing - rainbow, steelhead, coho, cutthroat, and Dolly Varden. The sockeye salmon escapement is one of the largest on Prince of Wales Island.

Naha River

An area 31,926 acres located north of Ketchikan on the northwest side of Revillagigedo Island. A beautiful watershed of small lakes, connected streams, and a semi-saltwater lagoon, it is a high value fish and wildlife area. The area is known for its steelhead fishing along with being a productive pink and sockeye salmon system. Several cabins have been built in the area to provide for recreational use, primarily by residents of Ketchikan. The area contains high numbers of black bears, marten, and river otters along with moderate numbers of deer, wintering trumpeter swans, and wolves.

Nutkwa

An area of 53,635 acres located on southwestern Prince of Wales Island south of the community of Hydaburg. A highly productive fish resource - all species of salmon are found here except kings - and a major producer of pink salmon. Cutthroat, steelhead, rainbow trout, and Dolly Varden are also found in high numbers. The area provides excellent habitat for black bears, marten, and river otters; moderate numbers of deer, wolves, and bald eagles are present.

Outside Islands

A group of islands, including Noyes, Baker, Lulu, and San Fernando (95,524 acres), off the west coast of Prince of Wales Island. The islands are in the midst of a major commercial fishing ground. The scenic coasts of these outer islands are becoming more popular for trips by tourists from nearby fishing lodges. The rugged coasts of these islands provide nesting habitat for the rare peregrine falcon and haul-out areas for sea lions.

Pleasant/Lemesurier Islands

Two islands of 15,527 acres located in the middle of Icy Strait south of Gustavus. These islands are important deer hunting areas for residents of the community of Gustavus. Portions of the islands have been recommended as a research natural area because of unique plant communities.

Point Adolphus/Mud Bay

This area of 72,091 acres on the northern end of Chichagof Island, located west of the community of Hoonah, has become a favorite location for tourists to watch humpback whales during the summer. Because of the large intertidal mud flats and estuary habitat, the area supports high numbers of brown bears and waterfowl. Also, marten and river otters are abundant in the area. In the past, the Mud River drainage has been one of the largest producers of pink salmon in northern Southeast.

Port Houghton

An area of 59,712 acres located on the mainland coast north of Petersburg. A high value wildlife area, it is especially known for its cinnamon phase of the black bear. One of the few timbered bays on the mainland, it provides high quality habitat for marten, river otters, and wolves. The upper part of the bay has sandbanks that provide nesting habitat for arctic terns and other birds. The steep, forested mountain slopes provide good winter habitat for mountain goats. In 1987, Sanborn Creek had the 8th highest pink salmon escapement in Southeast.

Rocky Pass

A unique strait between Kuiu and Kupreanof islands, Rocky Pass (74,423 acres) has been described as a "salt water river". The waters provide some of the most important waterfowl habitat in southeast Alaska. The adjacent shores are excellent black bear and furbearer habitat. Because of the protected waters, Rocky Pass receives extensive human use, primarily by resident of the community of Petersburg. Prior to the hard winters of the early 1970's, the area was noted for its excellent deer hunting. Many streams drain into Rocky Pass; Tunehean Creek is one of the best pink salmon streams on Kupreanof Island and Kushneahin Creek is one of the best sockeye streams.

Sarkar Lakes

A high value fish and wildlife area of 23,500 acres located on north Prince of Wales Island near Naukati. Because of the rich fishery resource, the area receives extensive human use. The Sarkar Lake system has all species of salmon except kings. Cutthroat, steelhead, rainbow, and Dolly Varden are common throughout the system. Harbor seals can be observed in the lake along with wintering trumpeter swans. The adjacent forests provide good habitat for black bear, marten, and deer. Because much of the surrounding area has been impacted by timber harvest, the importance of this area as wildlife habitat has been heightened.

South Etolin Island

An area of 81,939 acres located south of Wrangell and north of Ketchikan. South Etolin contains the only elk in southeast Alaska; they were transplanted here in 1986 from Oregon. The area contains excellent habitat for furbearers; it also has wolves, black bears, and deer.

South Kuiu Island

The southern portion of Kuiu Island (190,301 acres) contains excellent black bear and furbearer habitat. As sea otters expand their range, this area will become an important area for them. Prior to the hard winters of the early 1970's, the area was important for deer hunting; recently, deer have been hunted on Conclusion Island, primarily by residents of Point Baker and Port Protection. The area contains several anadromous fish streams - Bear Harbor Creek is the best pink and coho stream on Kuiu Island.

Sullivan Island

An island of 3,985 acres located in Lynn Canal south of Haines. Deer were transplanted here in 1951. Now, the area provides the only nearby deer hunting for the residents of Haines. Sea lions use the island for a haul-out.

Trap Bay

A small, scenic watershed (6,446 acres) located on the south side of Tenakee Inlet across from the community of Tenakee Springs. The area provides excellent habitat for deer, marten, river otters, and brown bears. The river that runs into the bay supports moderate populations of coho, pink, and chum salmon along with Dolly Varden. Hydrologic and fisheries research has been conducted in the area over the last decade.

West Duncan Canal

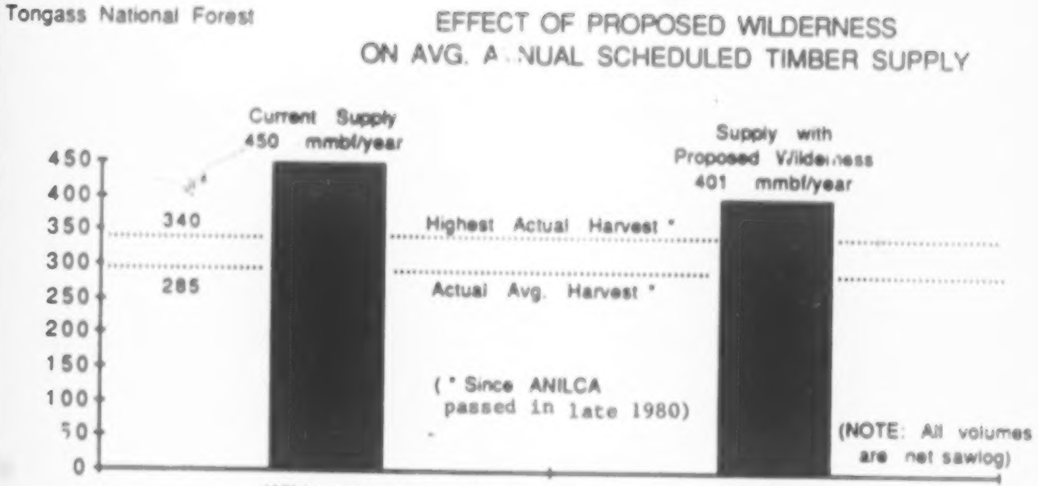
A highly scenic and popular hunting and fishing area of 118,812 acres located on Kupreanof Island near Petersburg. A high fish and wildlife area, it contains important black bear and furbearer habitat. Also, it is a major waterfowl area. Over 20 anadromous fish streams flow into the canal. The Castle River supports an excellent spring steelhead and cutthroat trout fishery; it is one of only a few systems in Southeast large enough to overwinter cutthroat, Dolly Varden, and steelhead. Kahsheets Creek is the best sockeye stream on Kupreanof Island; Salt Chuck Creek is one of the best coho streams on Kupreanof.

Yakutat Forelands

The 232,962 acres of the Yakutat Forelands is some of the most diverse and productive fish and wildlife habitat in southeast Alaska. The primary river systems - the Italio, Akwe, and Ustav-Tanis - produce all 5 species of salmon, particularly coho and sockeye. These systems are also good for rainbow, steelhead, cutthroat, and Dolly Varden. These river systems provide for a substantial commercial, sport, and subsistence harvest. The Yakutat Forelands provide habitat for the largest moose population in southeast Alaska and some of the most important breeding habitat for trumpeter swans. The Yakutat Forelands provide abundant habitat for brown and black bears, marten, river otters, wolves, and bald eagles. They are also an important stopping point for migrating waterfowl.

Young Lake

This portion of northeast Admiralty Island (18,173 acres) is a high value fish and wildlife area. Admiralty Creek and adjacent streams produce 3 species of salmon - pink, coho, and chum - along with substantial numbers of steelhead, cutthroat, and Dolly Varden. The area supports high numbers of brown bears, deer, marten, and river otters. The expansive estuary and sand spit system provide excellent habitat for migrating and resident waterfowl. Because of its close proximity to Juneau and the 3 Forest Service cabins, this area receives a high amount of recreational use.



Wilderness designation of the 23 areas will reduce scheduled timber supply by 48.68 mmbf, only 10.8 %

Senator MURKOWSKI. Thank you very much, Mr. Anderson.

In your statement you indicated 50 to 75 percent deer decline in over half the watersheds scheduled for logging in the next 100 years. However, if we agree that one-third of the commercial forest is in wilderness, one-third is set aside for fish and game habitat pending TLMP, and one-third is commercial lumber to be cut, then what would happen in the next 100 years on the two-thirds that are left, the one-third for the commercial forest that is in wilderness and the one-third that is set aside?

With regard to those watersheds it would seem that if you are predicting a 50 to 75 percent decline in the areas of half the watersheds cut, then what happens to the others that remain in perpetuity uncut in their natural state? Do we get an increase in the deer population?

Dr. ANDERSON. Yes, Mr. Chairman. I think that is an important question and certainly one well worth my addressing.

As I mentioned, in addition to the watersheds that we indicated would be entered where the reductions would occur, my intention there certainly was not to suggest that the deer population throughout the region would be trashed, so to speak, or even be reduced to levels below what we would consider as genetically viable or even viable in a more general sense.

Of the 191 watersheds that do contain deer and will not be entered, I think it is important to realize that in many of these, 46 of them on East Revilla Island for example, have comparatively low deer numbers.

Also, many of the watersheds that are in the wilderness system right now are not particularly productive deer habitat. Generally speaking, mainland habitat and I would think areas that have comparable climate—I am thinking of Misty Fjords as an example—do not support high deer population. Snowfall is much higher. Winter severity tends to be somewhat greater.

There are, of course, protected deer habitat and flourishing populations on Admiralty Island, West Chichagof and to a lesser extent on South Baranof, I believe 51 watersheds on Admiralty and about 57 on Chichagof and Baranof.

Again, the point that I want to stress is that in the wilderness system as it currently exists, with the exception of parts of Admiraity Island much of those areas do not contain in significant amounts the sort of high volume stands that we would consider to be really key deer winter habitat.

Senator MURKOWSKI. Is it not true that on Admiralty, Chichagof and Baranof, those are the only three islands of any consequence where there are no wolf populations?

Dr. ANDERSON. Yes, Mr. Chairman, that is correct. There are no wolves on any of the islands north of Frederick Sound.

Senator MURKOWSKI. What is the deer population on the Tongass?

Dr. ANDERSON. I would probably be irresponsible if I gave you a number. Censusing deer is an extremely tricky business. We biologists are a lot better at measuring trends than we are at measuring absolute numbers, but I could give you some ballpark ranges as well as some relative numbers.

Senator MURKOWSKI. That is what I would expect, obviously.

Dr. ANDERSON. The pellet transect work that we do on an annual basis throughout the Tongass indicates that deer populations range from lows of virtually no deer at all to highs that may be in some areas in excess of 100 deer per square mile, which is incredibly high.

E management units 4, for those of you who are not familiar with our system of management——

Senator MURKOWSKI. I am familiar.

Dr. ANDERSON. —that refers to the area that Senator Murkowski just mentioned north of Frederick Sound, the so-called ABC Islands. Deer populations are high, at high levels in those islands, and those are the islands where there are no wolves.

Senator MURKOWSKI. Could that be a reason?

Dr. ANDERSON. I would say that it probably could be a contributing factor, yes. Wolf predation is something that we are concerned about.

Senator MURKOWSKI. On Revillagigedo, are those wolves?

Dr. ANDERSON. There are also wolves on Revilla Island, that is correct.

Senator MURKOWSKI. That is the same island.

Dr. ANDERSON. Yes.

I want to point out, though, that there are a couple of issues related to wolves and wolf predation as it relates to deer numbers that have to be considered. It is not simply a question of the absence of predators being responsible for those high deer numbers.

Senator MURKOWSKI. I would like to get to your ballpark figure on how many deer you think there are.

Dr. ANDERSON. I am sorry. I beg your pardon.

Senator MURKOWSKI. Total. I am not really interested in areas. Give me a ballpark figure.

Dr. ANDERSON. I would say that the annual harvest last year was something in the range of 20,000. If you assume that the population could sustain a 10 percent annual harvest, I do not believe we are approaching that. We would probably be in the range of something like 200,000 to 400,000 deer.

High populations in unit 4; moderate populations in unit 2, which is the Prince of Wales Island; and low populations in the central archipelago in unit 3; and also low in the mainland areas on the coast.

Senator MURKOWSKI. So you figure between 200,00 and 400,000?

Dr. ANDERSON. That is a figure that I would certainly not want to be held accountable for in any strict sense.

Senator MURKOWSKI. No, but just for the sake of this hearing to get some idea. If you do not know what the figure is, I assume nobody does.

Dr. ANDERSON. I think that is a safe assumption.

Senator MURKOWSKI. Do you know what the 1987 deer harvest was roughly?

Dr. ANDERSON. Yes. I can give you figures that were developed as a result of our regionwide survey questionnaire that is sent out every year. I could give you those by game management unit.

Senator MURKOWSKI. You cannot give them to me total, though, what the deer harvests were in Alaska?

Dr. ANDERSON. Yes, I can; 19,781, to be precise, as a result of that survey.

Senator MURKOWSKI. Is that up from 1986?

Dr. ANDERSON. Yes, it is. It is up by several thousand.

Senator MURKOWSKI. Can you give me the estimate of deer killed by wolves for 1986 or 1987?

Dr. ANDERSON. No, I cannot. I can tell you that the best information we have indicates that wolves eat something like 10 pounds of venison per day.

Senator MURKOWSKI. How many?

Dr. ANDERSON. Something like 10 pounds per day, so you would probably be looking at about one deer per 13 wolf days.

Senator MURKOWSKI. 10 pounds? All the wolves in southeastern Alaska eat 10 pounds of venison per day each; is that right?

Dr. ANDERSON. That is correct.

Senator MURKOWSKI. Each wolf?

Dr. ANDERSON. That would probably be an average figure. For wolves that trained virtually exclusively on deer, that is correct.

Senator MURKOWSKI. 10 pounds per day per wolf, and that is how many pounds of deer roughly?

Dr. ANDERSON. As I mentioned, that would be about one deer per 13 wolf days.

Senator MURKOWSKI. Tell me how many wolves there are, then.

Dr. ANDERSON. The only information I can give you on that, once again, wolves are not easy to count. I am sure you can appreciate that.

Senator MURKOWSKI. But you say one wolf will eat how many deer?

Dr. ANDERSON. I said that one wolf eats about 10 pounds of venison per day. If you consider in total a deer weighing about 130 pounds, then over a 13-day period a wolf would consume about one deer.

Senator MURKOWSKI. One deer each 13 days per wolf. Are we working on this high math? That will not work.

You do not know how many deer are killed roughly by wolves?

Dr. ANDERSON. That is an extremely difficult question to answer even in areas like the northwest Arctic, where we can actually——

Senator MURKOWSKI. I just do not want to go outside southeastern Alaska. You folks in the Department of Fish and Game must play with some figures about how many wolves kill deer. How many wolves do we have?

Dr. ANDERSON. The studies that we have conducted on Revilla Island indicated about one wolf per 100 square miles. That is probably not a bad average figure for the entire region.

Senator MURKOWSKI. I have estimates from the Forest Service, and their estimates which they quote very rough are 10,000 to 15,000 deer that are killed by wolves for the year of 1987.

Would you agree that it might be in that area, or is that high or low or in between?

Dr. ANDERSON. I would say that it is probably in the ballpark. It may be somewhat higher than what I would guess would be correct.

Senator MURKOWSKI. I am going to ask my staff. If you use that figure, then how many wolves are there? Let us see if they have been awake in figuring with a pencil.

About 500 wolves?

I got 5,000 from out in the audience. Somebody dropped a zero.

Would anybody agree it is closer to 5,000 than 500? Somebody is nodding their head and saying yes.

I would appreciate the State Department of Fish and Game providing us with some detailed clarification.

We still have 500 over here if anybody wants to do some arithmetic on it.

Yes, Mr. Anderson?

Dr. ANDERSON. I would be happy to pursue that for you, Senator Murkowski.

There are two other points if I could make them very briefly relative to this predation issue. There is an effect that we refer to as the cafeteria effect. What that has to do with is concentrating wolves or any other ungulates for that matter on limited winter ranges.

One of the potential effects of forest management or logging in key deer winter range is that the remnants that may remain in some areas tend to concentrate deer and make them more vulnerable simply because their position is more predictable. They become more vulnerable to wolves.

The other quick point I want to make is there is such a thing as a predator pit that is recognized by most predator/prey biologists. When populations fall to significantly low levels, it is possible for predators to hold those populations at low levels and prevent long-term recovery.

I think that all the factors that have combined in the central archipelago have to be considered in this equation.

Senator MURKOWSKI. Thank you very much. The record will remain open for accurate figures on the number of wolves particularly, and I will defer to professional staff who is quite right on her arithmetic. I will concede.

What I am not sure we concede about is the number of deer that are killed by wolves, but I guess if we find out the number of wolves we can play the numbers backwards.

Dr. Jerry Franklin, Chief Plant Ecologist, Pacific Northwest Forest and Range Experiment Station, Seattle, Washington.

Dr. Franklin, please proceed.

STATEMENT OF DR. JERRY F. FRANKLIN, CHIEF PLANT ECOLOGIST, PACIFIC NORTHWEST FOREST AND RANGE EXPERIMENT STATION, FOREST SERVICE, DEPARTMENT OF AGRICULTURE

Dr. FRANKLIN. Thank you, Mr. Chairman. I have a correction. It is Chief Plant Ecologist. The statement provided by the Forest Service is incorrect.

Senator MURKOWSKI. We stand corrected.

Dr. FRANKLIN. A lot of people suggest "pathologist" might be more correct, given my interest in old growth.

Senator MURKOWSKI. I thought that was kind of peculiar. I did not think enough about it, I guess.

Please proceed.

Dr. **Franklin**. I am also the professor of ecosystem analysis at the University of Washington. I am here at the request of the committee, and I will very quickly abstract my written statement.

Forests are complex ecosystems composed of many organisms and structures with strong linkages and interdependencies at both the stand and landscape level. All forest ecosystems have compositional, functional and structural attributes, but they vary in their specifics depending upon their age, history and site conditions.

There are very significant but gradual changes in forest characteristics associated with successional change. Old growth forests are typically the most complex and stable stage in forest succession. The complexity is most obvious in terms of structure, and the structural variability is the most important factor in understanding the distinctive role that these forests play as animal habitat.

The young managed forest created through traditional silvicultural practices are ecosystems which differ significantly from old growth forests and even the young stands which originate following some natural catastrophe such as fire or wind throw.

Structurally, young managed forests are relatively simplified. They cannot provide the habitat needed by many organisms, nor can they perform some cycling functions as well as natural forests. However, the managed young forests excel at growing wood fiber, a function that old growth forests do poorly.

It is possible to develop managed stands which do retain more structural variability and can, therefore, provide for more ecological functions.

It is absolutely critical to also consider how the landscape functions as a whole. Many organisms such as larger wildlife utilize the entire landscape mosaic for various purposes and at various life stages. Part of the landscape perspective is the recognition that not all parts of the Tongass forest landscape are created equal. Some forest areas are much more productive than others.

One ecological fact that makes the resolution of conflicts on the Tongass very difficult is that, one, some of the most productive forest ecosystems for wood production are also the most critical or productive for other forest uses such as wildlife and anadromous fish.

As with stands, it is possible to develop management approaches to landscapes which will improve our ability to simultaneously protect ecological values while producing commodities. Designing managed landscapes is an area ripe for collaborative efforts of scientists and managers.

An amendment to my statement: Several comments have been offered up regarding greenhouse effects. Our best preliminary estimates by our scientific groups in the Pacific Northwest are that the conversion of old growth forest to managed stands results in small net additions of CO2 to the atmosphere. The key is not how rapidly forests are taking up CO2 but, in fact, how much carbon is stored within the system. Old growth forests have very high levels of carbon storage as opposed to young forests.

Thank you.

[The prepared statement of Dr. Franklin follows:]

TECHNICAL STATEMENT OF
DR. JERRY F. FRANKLIN, CHIEF PLANT PATHOLOGIST
PACIFIC NORTHWEST FOREST AND RANGE EXPERIMENT STATION
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the
Subcommitee on Public Lands, National Parks, and Forests
Committee on Energy and Natural Resources
United States Senate

Concerning Forest Ecosystems and Forest Management

February 28, 1989

Forests are complex ecosystems composed of many organisms and structures, with strong linkages and interdependencies at both the stand and landscape level. Attributes of forest ecosystems can be considered under the categories of: COMPOSITION, i.e., the organisms and genetic pools represented by the flora, fauna, and microbes; FUNCTION, or the work that the forest does, such as capturing the sun's energy through photosynthesis and its conversion to organic substances including wood; and STRUCTURE, or the "pieces" of the forest and their physical arrangement, such as green trees, standing dead trees (snags), and down logs.

All forest ecosystems have these attributes, but they vary in their specifics depending upon their age (successional status), history (e.g., managed or unmanaged), and site conditions. There are very significant but gradual changes in forest characteristics associated with successional change; e.g., we may begin with a freshly logged area which lacks trees, progress to a young forest with a dense canopy and heavily shaded interior, and, eventually, into the more open conditions typical of mature and old-growth forests.

Old-growth forests are typically the most complex and stable stage in forest succession. Their complexity is most obvious in terms of structure, e.g., a wide range in size and condition of living trees and coarse woody debris (snags and down logs) and much heterogenity in stand conditions, such as the occurrence of multi-layered forest canopies and well-lighted openings or forest gaps. This structural variability is the most important factor in understanding the distinctive role that these forests play as animal habitat. Many animals, from insects to large animals and both terrestrial and aquatic, have these varied and stable forests as critical habitat. The structural diversity is also the key to the distinctive functional features of old-growth forests, such as their influence on hydrologic cycles (e.g., effects on snow accumulation and melt), nutrient cycling (e.g., extremely retentive of nutrients), and stream sediments (e.g., very low levels of sediment production relative to other forest conditions).

The young managed forests created through traditional silvicultural practices are ecosystems which differ significantly from old-growth forests and even from the young stands which originate following some natural catastrophe, such as fire and windthrow. Structurally, the young managed forests are relatively simplified; for example, they typically consist of a single dense canopy layer, uniformly spaced trees of similar size, and have relatively low levels of snags and down logs. Such forests cannot provide the habitat needed by many organisms nor can they perform some cycling functions as well as natural forests. However, the managed young forests excel at growing wood fiber, a function that old-growth forests do very poorly. Older natural forests use most of their productivity for ecosystem maintenance or respiration rather than for accumulation of additional wood; hence, wood volumes in old-growth stands are typically relatively static over long periods of time, showing neither large increases or decreases.

It is possible to develop managed stands which do retain more structural variability and can, therefore, provide for more ecological functions. One example that is currently being explored is creation of stands with lower tree densities. Another is retention or creation of snags and down boles on cutover areas. The development of silvicultural systems which better acommodate both commodity and ecological values is a rich area for research and field trial.

My comments to this point have focused primarily upon stands rather than landscapes; it is absolutely critical to also consider how the landscape functions as a whole. Many organisms, such as larger wildlife, utilize the entire landscape mosaic for various purposes and at various life stages. Similarly, anadromous fish depend upon the health of the entire landscape (water quality) and not just on conditions in a single stream reach. Hence, it is necessary to consider how entire landscapes or river valleys function ecologically; individual stands or stream reaches are not appropriately considered out of their landscape context. Ecologically, activities going on outside of a specific stand or stream reach may be as important as those that are going on at the site.

Part of the landscape perspective is the recognition that not all parts of the Tongass forest landscape are created equal. Some forest areas are much more productive than others. Some stream reaches are particularly valuable as habitat for fish and bear. One ecological fact that makes the resolution of conflicts on the Tongass very difficult is that some of the most productive forest ecosystems for wood production are also the most critical or productive for other forest uses, such as production of wildlife and anadromous fish.

As with stands, we can develop management approaches to landscapes which improve our ability to simultaneously protect ecological values while producing commodities. Designing managed landscapes is ripe for collaborative efforts of scientists and managers. Exemplary subjects in critical need of attention include selection of appropriate patch sizes for managed tracts; analysis of almost all aspects of forest edges; and functional landscape arrangements of managed and reserved patches and corridors.

Senator Murkowski. That was very interesting. So your analysis is that by taking the old growth forest and utilizing that carbon by transferring it into the lumber or whatever. It is still in a carbon form until it is burned or something?

Dr. Franklin. The greatest amounts of carbon stored in the system are actually not stored in the tree. They are stored in soil organic matter, litter in humus layers, coarse, woody debris, snags and downlogs and in the foliage, branches and twigs.

So most of the carbon remains behind as other organic material and is more rapidly decomposed then following the opening of the forest.

The harvested material is also mostly converted to CO_2 in the short and midterm because of the fact that paper and fiber products are generally not long-term storage compartments for carbon.

Senator Murkowski. Thank you, Dr. Franklin. I think we have done reasonably well with the panel in the time that we have had here.

I have one question. I wonder, Mr. Edwards, does Sealaska have any position on the wilderness area that they feel is desirable in the Tongass?

Mr. Edwards. I am sorry, Senator. I did not catch the question. Would you repeat it, please?

Senator Murkowski. SEACC, I meant to say. The next panel is coming up. I am already anticipating it.

With regard to the wilderness area that SEACC would like to see in the Tongass, assuming that we are saying one-third is in wilderness now, one-third is set aside for fish and game, and one-third is being logged as a commercial forest, I just wondered if you have a position.

Mr. Edwards. I did not catch the question. Could you start from the beginning, please?

Senator Murkowski. Yes. Again, does SEACC have any position on how much of the commercial timber in southeast Alaska they would like to see in wilderness?

Mr. Edwards. We do not have a position on how much commercial timber we would like to see in wilderness. We have a position on how much habitat we would like to see in wilderness. I might have a figure here for you on that.

At present, about 7 million acres of the Tongass is in designations three and four, which is available for timber. That is about 40 percent of the forest.

Senator Murkowski. Is it 5.3 that is in wilderness?

Mr. Edwards. Yes, 5.3 million acres is in wilderness; however, as Mr. Anderson said earlier, that includes vast quantities of rock, ice and scrub timber, and the actual amount of commercial timber that is involved in that is actually quite small.

Senator Murkowski. It is about 1.7.

Mr. Edwards. Million acres you are talking about?

Senator Murkowski. Yes.

Rather than confuse the witnesses, because I am sure you want to spend some time on it, if you would like to submit for the record a position that SEACC may have with regard to what they would like to see in wilderness, why we would be happy to have that for the reflection of the committee.

I have no further questions.

Mr. **Edwards**. One way of putting it, Senator, if the 1.8 million acres was added to the wilderness we already have, we would still be left with a timber yield of 400 million board feet per year available to industry.

Senator **Murkowski**. I would like you to define that because that means nothing to me, unfortunately. I am taking it from the current 1.7 million which is being cut on a perpetual yield basis, the one-third set aside for wilderness and one-third set aside for fish and game habitat pending TLMP.

Mr. **Edwards**. We will provide it for the record later on.

Senator **Murkowski**. I would excuse the witnesses and ask the next panel to come forward, please.

We are rapidly concluding, I hope, some portion of the morning which has moved into the afternoon. I guess I would first apologize to Mr. Loescher, my good friend, for confusing SEACC with Sealaska, and I stand corrected before I get corrected.

I would introduce Mr. Loescher, Senior Vice President for Resource Management, Sealaska Corporation from Juneau who has traveled down here.

Also on the panel we have Mr. William A. Thomas, Jr., Chairman, Klukwan Forest Products, Incorporated, Juneau, Alaska.

I would ask that you proceed as you see fit, gentlemen. We look forward to your testimony and wish you a good day.

Mr. Loescher, you are up on the panel.

STATEMENT OF ROBERT W. LOESCHER, SENIOR VICE PRESIDENT, RESOURCE MANAGEMENT, SEALASKA CORP., ACCOMPANIED BY CHRIS McNEIL, SENIOR VICE PRESIDENT AND GENERAL COUNSEL, SEALASKA CORPORATION

Mr. **Loescher**. Thank you, Mr. Chairman. My name is Bob Loescher, and I am the Senior Vice President for Resource Management for Sealaska Corporation. I am accompanied today by Chris McNeil, Senior Vice President and General Counsel of Sealaska.

On behalf of Sealaska I would like to express our appreciation to the Senate Energy Committee for inviting us to testify today. I will make my remarks as brief as possible. We have submitted for the record formal testimony and a supporting statement containing some specific legislative proposals.

Sealaska is an Alaska Native regional corporation with almost 16,000 shareholders residing primarily in southeast Alaska. It is appropriate that Sealaska Corporation participate in the Tongass debate. Our Congressionally established regional boundaries encompass the entire Tongass National Forest.

Virtually every community in the Tongass counts among its residents descendants of the first human inhabitants of the Tongass, the native people of southeast Alaska, our shareholders. Sealaska shareholders are also shareholders of the 12 urban and village corporations in southeast which are vital economic and community forces in the Tongass forest.

There is good reason for Congress to focus its attention on the Tongass. The current management regime is a relic of a bygone era. Change is necessary to stimulate and facilitate diversification of the economy of southeast Alaska and preserve and protect the natural resources that are our heritage.

On the other hand, Congress must not lose sight of the underlying purposes of the legislation that created the old management regime. Congress must be careful not to close the door to southeast Alaska's economic future as it seeks to correct the imbalances that are now evident.

Sealaska supports many of the modifications suggested by S. 346 and S. 237 but supports neither bill. It urges the committee to use these vehicles to craft a far more positive and comprehensive approach to the future of southeast Alaska.

We urge the committee to turn the Tongass timber legislation into a forwardlooking economic development bill. In our region, Tongass legislation has been viewed negatively. It has been seen as a threat to the livelihood of an important segment of our population and has been a horribly divisive force in our region.

We think that the Tongass legislation should be a positive event, a unique opportunity to seize the moment and put building blocks in place to create an economy that our children and our children's children can rely on.

How do we do this? First we must look at what is wrong and correct it. We see four overriding problems. Tongass forest management must be driven by multiple use considerations, including the diverse economic needs of the several forest dependent industries.

Today, the engine that drives the Tongass is two long-term timber contracts. They should be one of the cars pulled by the engine of multiple use.

Certain features of the Tongass management should be corrected. For example, independent purchasers have been effectively precluded from acquiring an economic supply of wood. As a result, their ability to produce new products that are demanded by the market has been all but eliminated. They should be assured of a sufficient economic and reliable timber supply.

Ultimately, Tongass management legislation must solve the real estate allocation issue. Final legislation should be sufficiently comprehensive to solve many of the land disputes left unresolved by ANSCA and ANILCA. Among these controversies are Admiralty Island and a host of other native exchanges that would implement ANSCA and create economic opportunities.

Additionally, certain lands should be reallocated for conservation as well as economic reasons. We support the addition of seven fisheries management zones which satisfy both of these objectives.

The lesson of section 705(a) of ANILCA is an old one. You simply cannot repeal the laws of supply and demand. In that section, Congress directed a great deal of money at protecting the dependent timber industry and preserving jobs in that industry. It provides little money to tourism, commercial fishing or mining. After eight years of experience, we see that the timber industry jobs are down, excluding the native timber contribution, but fishing and tourism are booming, and mining is growing.

In order to have a dependable, sound economy in southeast Alaska, we must allocate our resources sensibly, and we must allow the market to drive us.

In our written submissions we put forth a 15-part approach to the management of the Tongass. While we would like to believe that Congress will be able to address all of these, we are realistic. We hope that many of the proposals can get serious legislative consideration and be included in the final Congress reformat.

I will highlight our position on subjects of greatest interest. Immediate termination of the long-term timber contracts is simply too risky, and we oppose it. We support a serious renegotiation of the contracts with parameters akin to those of H.R. 1516. Modification of the contracts are essential if our region is to have a healthy economy.

As to Tongass harvest levels, we support the position of the Southeast Conference in principle. The timber industry should be dynamic, and the amount of timber made available should be up to 4.5 billion feet per decade with annual variation being based upon market factors.

An intensive management fund is necessary to allow independent purchasers an opportunity to enter the timber industry successfully. The annual expenditure of between $15 and $18 million should do the job if utilized correctly.

Utilization of forest resources should be market driven, too, and planning and management, fisheries, tourism, mineral subsistence and conservation concerns should be accorded priorities comparable to timber production.

Finally, a mineral deposit of world class proportion may exist under Brady Glacier in a fringe area of Glacier Bay National Park. Potentially it contains large quantities of strategic metals, the vast proportion of which our country imports from politically unstable nations. There is a patented claim at stake and private property rights.

If developed, this project could produce thousands of jobs in our region and serve the national interest.

At this juncture we request only an amendment to sections 1501 and 1502 of ANILCA to allow the administration to study the potential of this claim to see where it fits in the future of southeast and to report back to Congress.

Before concluding our presentation, we want to turn this subcommittee's attention to a different aspect of the Tongass issue. Congress is hearing from various southeast Alaska interest groups, each expressing its views as to what is best for southeast Alaska and what the people of southeast Alaska really want.

Sorting out these conflicting opinions is a nearly impossible task. To assist the efforts of Congress to formulate sound public policy on Tongass timber reform, Sealaska undertook an impartial survey of the attitudes of the people of southeast Alaska on the Tongass timber reform legislation and the future of the Tongass. We retained a public opinion research firm named Decision Sciences, Incorporated to conduct an attitude survey.

Decision Sciences conducted over 500 telephone interviews last week. It used a scientifically designed random sample and strict quality control measures were taken at all stages of the project including pretesting, callbacks and interviewer verification.

The questionnaire for the survey was developed after consultation with representatives of the interest groups who are the most active in the Tongass legislative process. They include the State of Alaska, the U.S. Forest Service, Alaska Loggers, Alaska Pole, SEACC, UFA and, of course, Sealaska.

Decision Sciences asked each of those groups the issues that would be covered in this survey and to suggest specific survey questions. In the last couple of days we have been given preliminary findings of the survey. The full analysis of the data is being prepared and should be ready within 10 days. If the hearing record is kept open that long, we would be pleased to submit the analysis for the record.

In the limited time we have available, I would like to share with you the highlights of the preliminary findings. Only 9 percent of the respondents favored contract cancellation, but about half of the respondents felt the contract should be modified.

Only 84 percent of the respondents believe that there should be a compromise on the future of the Tongass which balances employment opportunities and environmental protection.

This survey rated the various forest-dependent industries and forest uses. 46 percent of the respondents chose commercial fishing as the most important industry to southeast Alaska at this time, with tourism being the next most important industry at 21 percent. Timber was third at 19 percent.

Respondents were then asked this question: Which is the most important industry to the future of southeast Alaska. The results were these: commercial fishing, 37 percent; tourism, 21 percent; managing the use of the wilderness park and monument areas, 21 percent; timber, 15 percent; and mining, 11 percent.

The two big changes between today's most important industries and tomorrow's most important industries were in mining, which doubled in importance, and in managing the use of the wilderness park and monument areas, which quintupled.

As to defer supplying the Tongass forest economy, the survey results were among the most striking. 82 percent of those surveyed support greater economic diversity in the Tongass forest, and 89 percent agreed that management of the Tongass forest should promote growth in nontimber industries like commercial fishing, mining and tourism.

Over 90 percent of the respondents believe that a viable timber industry can co-exist with a viable fishing industry and a viable tourism industry.

I would like to conclude my statement with one last survey result. Without any question, the people of southeast Alaska are saying to you, the United States Congress, that they would like you to move ahead swiftly on the Tongass compromise. When asked whether now is the time for compromise to be reached regarding the future of the Tongass forest that balances employment opportunities and environmental protection, 84 percent agreed.

Thank you very much for giving Sealaska the opportunity to testify today. We will be available to answer any questions.

[The prepared statement of Mr. Loescher follows:]

SEALASKA'S SUPPORTING STATEMENT

Testimony Of

ROBERT W. LOESCHER,
SENIOR VICE PRESIDENT, RESOURCE MANAGEMENT
SEALASKA CORPORATION

Before the Subcommittee on Public Lands,
National Parks & Forests,
Senate Energy and Natural Resources Committee,
United States Senate

A. Recommendations Respecting Section 705 of ANILCA (Points 1 and 2)

Sealaska does not recommend outright repeal of the subsidy of section 705(a). Furthermore, Sealaska is of the view that the Forest Service needs continued authority for intensive management programs to avoid harsh impacts on employment in the timber industry. Sealaska's recommendation of continued subsidies at reduced levels and production in response to market demand are consistent with the recommendations of the GAO. GAO/RCED-88-54, Tongass National Forest: Timber Provision of the Alaska Lands Act Needs Clarification (April, 1988). Sealaska's recommendations concerning harvest levels and subsidies borrow language from both S. 346 and S. 237 as well as provisions of existing law. Sealaska's proposal is set out below as section 101. Where existing law is changed, deleted material is bracketed and new material underscored.

Section 705(d) of ANILCA exempts the Tongass from section 6(k) of the National Forest Management Act. Section 6(k) of the Forest Management Act requires that the Forest Service not classify for timber production lands that are only marginally economic for that use or that are ecologically unsuitable for timber production. Sealaska is of the view that some continuation of the 6(k) exemption is necessary to allow intensive management of marginally economic stands of timber. However, the Forest Service should not be allowed to disregard section 6(k) where lands should not be harvested for ecological or physiographic reasons. We therefore recommend narrowing the 6(k) exemption, rather than repealing the exemption as S. 346 would do. Language to do this is set forth below as proposed section 103.

SEC. 101. INTENSIVE MANAGEMENT PROGRAM

Section 705(a) of ANILCA (16 U.S.C. 539d(a)), is amended by striking all that appears and inserting in lieu thereof the following two subsections:

"(a) The Congress authorizes and directs that the Secretary of the Treasury shall make available to the Secretary of Agriculture [the sum of at least $40,000,000 annually or as much as] funds in an amount which the Secretary of Agriculture finds is necessary to carry out a program of intensive management of the commercial forest land of the Tongass National Forest in order to assure the availability of a sufficient supply of timber to achieve an allowable sale quantity that is responsive to market demand. For each fiscal year, the Secretary of Agriculture shall prepare and offer for sale or release timber volumes on the Tongass National Forest based upon his estimate of the annual demand and the sustained yield capacity of the forest. The Secretary of Agriculture shall base his annual estimate upon projections of future timber demand.

"(b) Such sums as are made available to the Secretary of Agriculture under subsection (a), but not to exceed $18,000,000 annually, will be drawn from receipts from oil, gas timber, coal, and other natural resources collected by the Secretary of Agriculture and the Secretary of the Interior notwithstanding any other law providing for the distribution of such receipts: PROVIDED, That such funds shall not be subject to deferral or rescission under the Budget Impoundment and

Control Act of 1974, and such funds shall not be subject to annual appropriation."

SEC. 102. REDESIGNATION

Sections 705(b) and 705(c) of ANILCA are redesignated as sections 705(c) and 705(d), respectively.

SEC. 103. LANDS UNSUITABLE FOR TIMBER PRODUCTION

Section 705(d) of ANILCA is redesignated as section 705(e) and revised to read as follows:

The provisions of this section shall apply notwithstanding any determination by the Secretary of Agriculture of unsuitability for economic factors under the provisions of section 6(k) of the National Forest Management Act of 1976 (90 Stat. 2949).

B. Recommendations Respecting the Long-term Timber Contracts (Point 3)

Sealaska recommends language to require renegotiation of the contracts and a report back to Congress. Language in H.R. 1516 in the last session of Congress could be utilized for this purpose. Sealaska makes no specific recommendations of its own on this issue. (Sealaska's draft legislative proposal has reserved two section numbers, 104 and 105, to accommodate renegotiation and reporting.)

C. Forest Utilization, Planning and Management (Points 4, 9 and 15).

Sealaska's concern is that adoption of either S. 346 or S. 237 would create a disequilibrium among the multiple uses of the Tongass. S. 346 would favor all non-consumptive uses over timber. While the bill affords commendable protection for fisheries and subsistence uses, there is a risk that it would leave only a very minimal role for commercial timber production. S. 237 is the opposite. While it probably would improve the balance between uses, it perpetuates the 4.5 billion board foot mandate and thereby continues a preference for timber production over other multiple uses. Sealaska recommends a balanced, multiple-use approach, with market demand determining the maximum level of consumptive uses, subject to the sustained-yield principle and explicit protection of subsistence uses, fisheries resources, and environmental values.

Sealaska also recommends that the Forest Service's road-building plans be coordinated with regional transportation plans, and that local communities be more directly involved in both the planning and implementation of forest management. Sealaska's concerns in this respect were included in its comments on the Forest Service's 1985 section 706(b) report. Primary concerns are of two types. First, as permanent improvements, forest roads should be designed to meet the transportation needs of local communities, to the extent feasible and consistent with other forest management objectives. Forest road planning should actively involve local communities and state agencies. Second, harvest of timber from federal lands should be coordinated with harvesting on private lands to avoid doubling of impacts on Native villages and local communities. Local communities and Native villages may, for example, ask the Forest Service to defer harvesting that would impinge upon subsistence resources or visually impact local communities. Alternatively, harvesting near Native-owned land might be encouraged to allow coordinated timber development. Local communities and Native corporations should be specifically invited to participate in Forest Service planning and they should be notified of all plans and actions relative to individual timber sales. Sealaska recommends retaining ANILCA's existing priority for subsistence uses and, in addition, increasing the attention given to fisheries resources, recreation and mining.

Proposed sections 106 and 107 reflect these recommendations. Section 106 adopts the monitoring and reporting changes of S. 346. Section 107 is Sealaska's proposal for a specific Tongass management guideline.

SEC. 106. REPORTS ON THE TONGASS NATIONAL FOREST

(a) MONITORING. -- Section 706(a) of ANILCA (16 U.S.C. 539e(a)) is hereby repealed.

(b) STATUS. -- Section 706(b) of ANILCA (16 U.S.C. 539e(b) is amended as follows:

(1) Strike out "(b)" and insert in lieu thereof "(a)".

(2) Strike out "and (4)" and insert in lieu thereof "(4)".

(3) Strike out the period at the end of the section and insert in lieu thereof "; (5) the impact of timber

harvest on subsistence resources, wildlife and fisheries resources, commercial fisheries, recreation resources and tourism; (6) effects of timber harvest on biological diversity and measures to conserve biological diversity; (7) timber supply and demand in southeastern Alaska; and (8) costs and revenues of the timber sale program."

(c) CONSULTATION. -- Section 706(c) of ANILCA (16 U.S.C. 539e(c)) is amended as follows:

(1) Strike out "(c)" and insert in lieu thereof "(b)".

(2) Strike out "and the Alaska Land Use Council" and insert in lieu thereof "the southeast Alaska commercial fishing industry, and the Alaska Land Use Council".

SEC. 107. MANAGEMENT OF THE TONGASS NATIONAL FOREST

The Tongass National Forest shall be managed in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974, the National Forest Management Act of 1976, ANILCA, as amended, and other laws that are applicable to the Tongass National Forest. In planning and managing the resources of the Tongass National

Forest, the Secretary of Agriculture, in addition to the requirements otherwise applicable, shall, to the maximum extent feasible --

(1) Coordinate the construction of roads with regional transportation plans and the needs of local communities and Native villages;

(2) Allow opportunity for local communities and Native villages to review and comment upon plans for timber harvesting and individual timber sales;

(3) Preserve and protect fisheries resources and habitat;

(4) Improve and enhance opportunities for recreation and tourism;

(5) Encourage and enhance competition among purchasers of Tongass National Forest Timber; and

(6) Allow reasonable opportunities for exploration and development of mineral resources.

D. Regional Energy Intertie (Point 8)

Section 1105 of ANILCA allows rights of way for utilities across conservation system units if the right of way "would be compatible with the purposes for which the unit was established." The compatibility standard, unmodified by words allowing exercise of discretion, stands as an obstacle to a current plan to tie together various isolated electric generating resources in the southeast Alaska region, even if a finding of "no economically feasible" alternative can be supported. Sealaska recommends a more lenient standard for the intertie proposal for the purpose of lowering overall energy costs in the region. Proposed section 108 reflects this recommendation.

SEC. 108. REGIONAL ENERGY INTERTIE

Section 1105 of ANILCA is hereby amended by inserting: "(a)" at the beginning of section 1105, and adding at the end thereof as a new subsection the following:

"(b) For the purpose of facilitating the development of the Southeast Alaska Regional Transmission Intertie System, the Secretary of the Interior or Secretary of Agriculture shall permit access to and use of conservation system units for the construction of the Southeast Alaska Regional Transmission Intertie System, provided that the construction is completed in a manner to minimize the environmental and aesthetic harm to the conservation unit affected."

E. Recreation and Tourism (Point 12)

Sealaska recommends that the Forest Service give greater emphasis to recreation and tourism, and specifically that more of its budget be allocated to recreation resources. Specific language relative to this recommendation is included in the management guideline reflected in section 107, above.

F. Fisheries Enhancement (Points 13 and 14)

Under long-standing principles, and as specifically recognized in 1314 of ANILCA, the State of Alaska has authority to regulate the taking of fish and game on public lands, including the Tongass National Forest. Although a Forest Permit may be required to engage in any aquaculture or mariculture project on the National Forest, an Alaska Fish & Game permit also would be required. Under Alaska law, for-profit aquaculture and mariculture is not permitted.

Under the United States-Canada Pacific Salmon Interception Treaty, ratified in 1985, the United States is required to restrict its take of Pacific salmon and to engage in enhancement activities to help replenish the wildstock of salmon. Pursuant to that treaty, the Congress appropriates approximately $3.5 million annually to the National Marine Fisheries Service. The appropriation is a direct pass through, however, to the Alaska Department of Fish and Game. Alaska does all the enhancement work for Pacific salmon, as required by the treaty.

Section 1315(b) of ANILCA allows fisheries enhancement projects within wilderness areas in the State of Alaska. The Forest Service's 1987 706(b) report, supra, lists some 74 enhancement projects (fishways, fertilization, spawning areas) on wilderness and non-wilderness Tongass lands, worth some $7,000,000 in increased annual harvests.

Impediments to aquaculture and mariculture projects are primarily problems of state law. However, in the context of addressing the economic needs of the region in the Tongass legislation, there are three important things Congress can do. The first is ensuring that fisheries issues are not accorded a lower priority than timber production, a matter addressed above. Second, Congress should set aside specific areas in the Tongass to maintain and enhance fisheries resources. Both the Mrazek bill in the last Congress and S. 346 include special management areas that Sealaska also recommends for special management. Third, Congress should earmark some of the money cut from the Tongass Timber Supply Fund to invest as grants in aquaculture and mariculture projects. The objective of this proposal is to expand the traditional fishing industry and create a new mariculture industry that will provide new jobs to replace those lost in the timber industry.

Sealaska is fully aware that many in the traditional fishing industry view mariculture as a threat to traditional fishing. Sealaska recommends mariculture grants on a limited, pilot program basis to demonstrate that mariculture can thrive without taking jobs or business away from traditional fishing. Moreover, in view of developments in mariculture in northern Europe and Canada, Alaska should position itself to compete in this industry so as not to lose potential jobs and revenues to other areas.

TITLE II. IMPROVEMENT OF SOUTHEAST ALASKA FISHERIES

SEC. 201. FISHERIES ENHANCEMENT AREAS

Section 505 of ANILCA (16 U.S.C. 539b) is hereby amended by adding at the end thereof the following:

"(e) The Secretary of Agriculture shall manage as fisheries enhancement areas, and shall allow within such areas only those uses that are determined to be consistent with and in furtherance of the objective of improving fisheries habitat and enhancing the productivity of fisheries resources, the following areas, as generally depicted on appropriately referenced maps:

Area	Approx. Acreage
Chuck River	125,574
Kadashan	33,641
Karta River	38,671
Lisianski River/ Upper Hoonah Sound	95,000
Nutkwa	53,635
Outside Islands: Baker, Lulu and Noyes Islands	95,524
Yakutat Forelands	232,962

Copies of maps depicting these areas shall be on file and available for public inspection in the offices of the Chief of the Forest Service in

Washington, D.C., and the Regional Forester in Juneau, Alaska."

"(f) The lands described as fisheries enhancement areas in subsection (e) shall be managed in a roadless state to retain their wildland character, except that roads and facilities may be constructed as required for wildlife and fish habitat improvement, primitive recreational facility development, control of insect infestation, or protection of resources values."

SEC. 202. COOPERATIVE FISHERIES IMPROVEMENT PROJECTS

Section 507 of the Act (16 U.S.C. 539c) is hereby amended by adding at the end thereof the following:

"(c) The Secretary of Agriculture, in consultation with the Secretary of Commerce and the Governor of the State of Alaska, is authorized to make grants for the purpose of constructing fish hatcheries, mariculture projects, aquaculture projects and fisheries, habitat improvement projects. Persons eligible to receive such grants include residents of Southeast Alaska, corporations organized under the laws of the State of Alaska, Alaska Native Corporations, municipalities and the State of Alaska. There is authorized to

> **be appropriated an amount not to exceed $15,000,000 for the purposes of this subsection."**

G. Exchanges with Alaska Native Corporations (Point 6)

Sealaska recommends legislation to implement its proposed Admiralty Islands subsurface exchange. Sealaska submitted testimony on this issue when H.R. 4883 was debated in the 99th Congress. Sealaska has also submitted to the Committee copious materials prepared in connection with its proposal to the Forest Service. Language for a direct legislative exchange is set forth below. The Forest Service is presently reconsidering Sealaska's proposal. In the event it is approved by the Forest Service, Sealaska would recommend ratifying legislation in lieu of the direct approach outlined below.

Sealaska also proposes an amendment to section 1302(h) of ANILCA relative to subsurface exchanges. Sealaska has been frustrated in effecting subsurface exchanges due to the lack of market data on which to base valuation. The Federal Land Exchange Facilitation Act of 1988 seems to require appraisals for exchanges under the authority of the Federal Land Policy and Management Act. While neither the separate exchange authority of ANCSA or ANILCA was affected by the 1988 Act, Sealaska has been confronted with a change in policy by the Forest Service regarding subsurface exchanges, which previously were handled on an acre-for-acre basis. Sealaska's proposed amendment of section 1302(h) would allow a presumption that an exchange of equal acreages of subsurface is of equal value, absent reliable indicia of economic value to the contrary.

TITLE III. SUBSURFACE LAND EXCHANGE

SEC. 301. ADMIRALTY ISLAND SUBSURFACE EXCHANGE

(a) It is the purpose of this section, consistent with the purposes of the Alaska Native Claims Settlement Act and the Alaska National Interest Lands Conservation Act, to facilitate and encourage economic development of the mineral deposits located in the Greens Creek area of Admiralty Island National Monument.

(b) Section 506 of ANILCA is amended by adding at the end thereof, the following new subsection:

"(e)(1) In exchange for the conveyance set forth in subsection (e)(2), and provided there is on file with the Secretary of Agriculture an agreement between Sealaska Corporation and the Greens Creek Joint Venture respecting the development of minerals located in the Greens Creek area of Admiralty Island National Monument, the Secretary of Agriculture shall convey, subject to valid existing rights, the subsurface estate in the following described lands on Admiralty Island to Sealaska Corporation:

[legal description]

(2) In exchange for the conveyance described in subsection (e)(1), the Secretary of Agriculture is authorized and directed to accept from Sealaska Corporation all of Sealaska Corporation's right, title and interest in and to the subsurface estate in the following described lands on Admiralty Island, excepting and reserving unto Sealaska Corporation, its successors and assigns, the right to utilize without charge any rock, gravel and common varieties of minerals.

[legal description]

(3) The exchange authorized by this subsection shall not be subject to the provisions of the National Environmental Policy Act of 1969 (83 Stat. 852), as amended.

(4) The subsurface estate conveyed by Sealaska Corporation to the United States pursuant to this subsection shall become part of the Admiralty Island National Monument but shall not become part of the Admiralty Island National Monument Wilderness, unless and until the United States also acquires title to the surface estate in said lands.

(5) Sealaska Corporation shall have such rights of access to the subsurface estate conveyed to Sealaska Corporation by the United States, and

shall retain such rights of access to rock, gravel and common varieties of minerals in the subsurface conveyed by Sealaska to the United States, as are set forth in Section 1110(b) of the Alaska National Interest Lands Conservation Act (Pub. L. no. 96-487, 94 Stat. 2465).

(6) The land exchange authorized by this subsection may be modified or amended, upon the written agreement of the Secretary of Agriculture, Sealaska Corporation, and the Greens Creek Joint Venture, and appropriate notification in writing to the appropriate committees of the Congress without further action by the Congress."

SEC. 302. ADMINISTRATIVE EXCHANGE AUTHORITY

Section 1302(h) of ANILCA is amended by adding at the end thereof the following:

"Exchanges of subsurface interest shall be presumed to be of equal value if the numbers of acres of subsurface exchanged are equal, absent market data or similarly reliable evidence of the economic value of the subsurface estate."

H. National Needs Mineral Activity (Point 6)

Title Fifteen of ANILCA recognized that ANILCA's withdrawal of large tracts of federal lands into conservation system units would adversely impact development. Title Fifteen allowed the President to recommend overriding ANILCA's restrictions on mineral exploration, development, or extraction in specific areas, but the override authority does not apply to the National Park System. Sealaska recommends wider use of Title Fifteen to encourage mineral development, subject to appropriate environmental controls. Specifically, Sealaska recommends a limited modification to extend Title Fifteen to the Brady Glacier area of Glacier Bay National Park and to require an analysis and report on potential world-class patented deposits of nickel and strategic metals located there.

TITLE IV. ENCOURAGING MINERAL DEVELOPMENT

SEC. 401. NATIONAL NEEDS MINERAL ACTIVITY

Section 1501 of ANILCA (16 U.S.C. 3231) is amended by inserting "(a)" at the beginning thereof and inserting at the end thereof a new subsection as follows:

"(b) For the purpose of assessing potential mineral development from the standpoint of national minerals policy, the creation of employment opportunities, and other national interest values, including the policies of the Alaska Native Claims Settlement

Act, this title shall apply to the Brady Glacier and Dixon Harbor areas of Glacier Bay National Park, notwithstanding subsection (a)."

SEC. 402. ANALYSIS AND REPORT

Section 1502 of ANILCA (16 U.S.C. 3232) is amended by adding a new subsection at the end thereof as follows:

"(e) Within two years of the date of enactment of this title, the President shall transmit to Congress a recommendation, findings and report pursuant to paragraphs (a) through (c), regarding the Brady Glacier/Dixon Harbor area of Glacier Bay National Park."

I. Economic Study, Regional Research Center, Community Impact Program (Points 5, 10 and 11).

Originally, Congress earmarked a minimum of $40 million annually to preserve jobs in Southeast Alaska. Sealaska has recommended reducing the intensive timber management amount to $18 million and appropriating $15 million to fisheries enhancement projects. The balance of the savings -- some $7 to $12 million -- should be allocated to other community benefit projects. Sealaska's recommendations for an economic study of the southeast Alaska region, for a community stabilization program, and for a regional resource center could be implemented with the following language:

TITLE V. REGIONAL ECONOMY

SEC. 501. ECONOMIC STUDY

The Secretary is directed to commission an economic development study to analyze the economic impact of all potential activities within the boundaries of the Tongass National Forest and to recommend appropriate federal action to enhance economic stability and diversification in the region and to alleviate any adverse impacts from changes in the management of the Tongass National Forest, such as termination of the long-term contracts and reduction in the annual allowable cut on the Tongass. There are authorized to be appropriated $2,000,000 for the purposes of this section.

SEC. 502. COMMUNITY IMPACT

(a) The Secretary of Agriculture shall make to the State of Alaska annual payments in lieu of taxes in an amount equal to 25% of the receipts from sale of timber and other resources from the Tongass National Forest, but in no event shall such payments be less than $1,000,00 annually.

(b) The Secretary is authorized to establish a loan program to provide loans to forest products industries within Southeast Alaska for value added

initiatives, and to local communities and educational institutions for construction of public facilities, establishment of a regional research center, and construction of recreation, tourist and visitor use facilities on lands outside the Tongass National Forest. There are authorized to be appropriated $10,000,000 for the purposes of this section.

JWG/kf
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SEALASKA CORPORATION POSITION PAPER
ON TONGASS REFORM ACT LEGISLATION
BEING CONSIDERED BY THE UNITED STATES CONGRESS

JANUARY 26, 1989

The Congress of the United States over the last two years has been considering legislation entitled the Tongass Reform Act. This legislation has focused upon the federally dependent timber industry particularly the Long Term Contracts of Alaska Pulp Company and Ketchikan Pulp Company and their harvest practices. Attention has also been given to the ANILCA 705(a) provision which established a 4.5 billion board feet per decade timber supply and an off budget unappropriated $40 million per year to access marginal timber and for other purposes. The legislation also gives consideration to designating additional conservation areas in the Tongass Forest. Sealaska Corporation and other Native entities within the region, for the most part, have not actively participated in the formulation of the legislation. Sealaska Corporation has participated however in meetings involving key interests hoping to facilitate communication and understanding. The legislation is again before the Congress with the potential of additional features being advanced which could threaten employment, the regional economy and community stability within Southeastern Alaska.

Beaver Falls area, Harriet Hunt Lake area, Bull Island area and White River Road area.

- Sealaska Corporation would support an Amendment to ANCSA, advanced by the Southeast Alaska ANCSA Land Acquisition Coalition, Inc., which would provide land for Alaska Natives living in the communities of Ketchikan, Petersburg, Wrangell, Haines and Tenakee.

6. **Sealaska recommends protection of certain areas currently under consideration as conservation areas that are also critical habitat areas necessary to preserve key wildstock fisheries.** 1/ Sealaska supports the preservation and protection of the following areas identified by Southeast Alaska Conservation Council Nutkwa Area, Karta Lake Area, Kadashan Area, Chuck River Area, Lisianski River/Upper Hoonah Sound and the Yakutat Forelands Area. These areas should be protected from logging and remain roadless. Sealaska's opinion is that these areas do not necessarily have to be classified as wilderness conservation areas but should, in some manner, be specially classified as fisheries habitat protection areas. These critical areas would provide permanent sanctuaries to maintain strong wildstock fisheries, serve as broodstock sources

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1/ The above-mentioned land exchange amendment proposals in section 5 and recommended protection areas described in section 6 have not been discussed with or confirmed by the respective corporations named in the exchange proposals or those effected by the protected area recommendations. The listing in section 5 reflect Sealaska's knowledge of possible exchanges or concerns which have been brought to our attention in the past. These proposals would have to be developed, evaluated and individually strategically developed for presentation to Congress and the public. However, these are the types of issues that could be addressed in separate bills, in a comprehensive Tongass Reform bill or an Alaska Omnibus legislation.

for additional salmon enhancement programs and provide undisturbed salmon habitats for scientific study.

These areas would be managed and protected by the agencies involved long into the future. Sealaska recommends using the language and characteristics outlined in the definition of LUD II of TLMP to draft a law protecting these areas.

In addition, due to the subsistence and exceptional commercial fisheries use of the Outside Islands; Baker, Lulu and Noyes Islands, deserve protection as conservation areas.

7. **Sealaska recommends adjustments in public policy related to the allocation and administration of the federal timber supply in the Tongass Forest.** Such policy adjustments would require changes in the Long-Term Contracts. As a result this would require the USFS to make changes in the administrative approach currently used with regard to the management of the long-term contract timber allocation, SBA sales and independent sales.

   The administration of the forest, the federal appropriation process and the availability of the timber supply to manufacturers and independent loggers would be significantly changed. A "level playing field" would provide the opportunity for all interested parties to compete for purchase of public resources through independent sales programs. The result would be a forest management system similar to other forests in America. The opportunities for the pulp mills to secure fiber supply would partially come from private sources, and from other independent timber sales, as well as their own independent timber sales purchases.

8. **Notwithstanding the current efforts to legislate fundamental policy changes through the Tongass Reform**

Senator **Murkowski**. Thank you. I very much appreciate your testimony, Mr. Loescher.

As you know, as we proceed with this effort to resolve the Tongass and we have two pieces of legislation before us, you have indicated that you have a problem with both of them. The process, of course, is ultimately one of consensus and compromise. That is what we are all faced with, and we appreciate your cooperation and commitment.

There was a reference in the early part of your statement concerning timber employment as being down. I wonder if you were referring specifically to private timber and native timber vis-a-vis non-native timber?

Mr. **Loescher**. Mr. Chairman, I was referring to the historical trend since passive of ANILCA.

Senator **Murkowski**. Okay. Is it your contention that the trend is now down currently?

Mr. **Loescher**. Mr. Chairman, my response is that if you look at where employment was when ANILCA was passed and where it is today that there is a difference and it is down.

Senator **Murkowski**. Is it going down now or going up now?

Mr. **Loescher**. Senator, I would have to say at this time that it is probably going to continue to be level for the next year or so.

Senator **Murkowski**. You and I have had several conversations about Admiralty Island, and I think we are all in agreement that we failed to be able to exercise an extraordinary opportunity when we could not get the environmental groups aboard to approve a land exchange to maintain the sanctity of Admiralty Island, a position that I very much supported and recommended. In fact, unfortunately the national environmental groups that were up in Alaska saw fit not to visit Admiralty on that particular trip, which really we had hoped that they would get behind an exchange and give up some of the less desirable wilderness to maintain the sanctity of Admiralty. It was a rare opportunity that we had that we lost.

You and I recall the bitterness involved in the Sheatic and the logging on Admiralty and the fact that that opportunity did not occur.

I would still support an effort to find a workable exchange to maintain what is left of Admiralty, which is a very, very large area. I would certainly look forward to working with Sealaska and others parties as well as the environmental community to achieve that.

With regard to Brady Glacier I also have to support the contention of Sealaska with regard to the merits of any exchange on that. As we both know, Mr. Loescher, there are some strong opponents that would oppose that, but nevertheless it is an extraordinary resource. There is strategic mineral.

I think the point is that we are not dealing with a Grand Canyon or a Yellowstone. We are dealing with a very, very vast area of Glacier Bay, and I think it is permissible to pursue the merits of an exchange, but we both know that that is not going to be done easily.

When you indicate the multiple use tools in the management forest, we are always down to the reality of if we support a higher availability of commercial timber it has to come from somebody; n other words, from the Forest Service contracts that are on a renewable basis or private lands. There is only so much commercial forest, and I assume you would not support removing lands from the wilderness to provide an increased or sufficient timber base for all those who want to harvest on a multi-use basis, or would you?

Mr. LOESCHER. Senator, we have no position on that matter.

Senator MURKOWSKI. With regard to the Hiada Native Corporation which is a selection that is still pending, where would you suggest we go for that timber?

Mr. LOESCHER. Senator, we have been communicating and working with Hiada Corporation steadily over the last several months, and I personally met with their board of directors about two weeks ago. They are very interested in the Portage-Sulzer area which is just immediately east of the community of Hiadaberg. That is the area with which they would like to set aside and have the opportunity to get conveyance.

Senator MURKOWSKI. What is the status of that timber? Is it an allotment?

Mr. LOESCHER. I do not believe so, Senator. It could be within the contract area of the Louisiana Pacific Company, but——

Senator MURKOWSKI. If you have an opportunity to find out, I would appreciate it for the record.

Thank you, Mr. Loescher.

Mr. William A. Thomas, Jr., Chairman of Klukwan Forest Products, Juneau, Alaska.

Please proceed, Mr. Thomas.

STATEMENT OF WILLIAM A. THOMAS, JR., CHAIRMAN, KLUKWAN FOREST PRODUCTS, INC.

Mr. THOMAS. Thank you, Mr. Chairman and members of the subcommittee. My name is William A. Thomas, Jr. I was born in Haines, Alaska, 80 miles north of Juneau and now live in the native village of Klukwan like countless generations before me. I do not wish to raise my children outside of Alaska. I am very proud to be an Alaskan and wish to remain there.

Klukwan, Inc. is a native southeast Alaskan native corporation that was created as a result of the ANSCA legislation. I am director of Klukwan, Inc. and the chairman of the board of Klukwan Forest Products, our largest operating subsidiary and the largest logging operation or single-owned operation in Alaska.

As a commercial fisherman, I am also equally interested in the fishing industry and am a director on the board of the United Southeast Gillnetters Association.

In southeast Alaska everyone depends upon the services that are provided as part of a well-balanced community. It is very important that the logging and fishing industries along with the growth of tourism continue to be viable in the southeast. As a fisherman, past logger and a person involved in the logging industry, I feel that the industries can co-exist.

ANSCA recognized the claims of the Alaska native people to the land. Under the act, the village of Klukwan is given the option of retaining the village reserve lands or sharing with the other villages, the subsurface rights with the regional. They decided to retain the village traditional lands.

As a result, several village shareholders were left out of the Claims Act, and what we call the outside shareholders lobbied the Congress and were able to get the shareholders recognized again in P.L. 94-204.

Later on we lobbied Congress again and were successful in getting land selection rights in the Tongass under P.L. 94–456.

Beginning in 1981, Klukwan, Inc. began commercial harvesting and planning operations on its land that it selected under the Claims Act. Through careful planning, Klukwan Forest Products plans to be a key player in the timber industry in southeast Alaska and throughout the State of Alaska.

We feel any changes in our operations at this date will only have a negative impact upon the village corporation of Klukwan and its shareholders who have become dependent upon the profitability of their corporation.

Recently we have begun preparing to move from harvesting our native lands to harvesting public lands by acquiring our first Federal timber sale of roughly 10 million board feet. Our economic future depends on the continued availability of Tongass timber. Without this continuing opportunity, we may become one of the ANSCA corporations doomed to fail.

Klukwan first developed its ANSCA on Long Island in about 1981 with a harvest of 18 million board feet. Last year we harvested about 150 million board feet of ANSCA timber and built about 80 miles of road. Since 1981 we have not only harvested our own timber but we have contracted for Sealaska and Kootznoowoo, Inc. and Goldbelt, purchased stumpage from Cape Fox Corporation and a village corporation called Anilchek up in the Homer area, and are presently doing some harvesting in the Minana region outside of Fairbanks.

Since 1981 Klukwan, Inc. has become one of the largest and most successful Alaska-based corporations in Alaska, ranking fourth in 1987 on the basis of sales. In terms of sales by naive corporations, we are the second largest, with only Sealaska Corporation larger.

As I mentioned earlier, Klukwan Forest Products is the largest timber contract in Alaska. We feel also that this was the intent of ANSCA to provide jobs for our shareholders in native corporations to be successful. We employ roughly over 400 people with an annual payroll of over $12 million. We have over $20 million invested in timber harvesting equipment, with 43 percent of our total assets in timber-related investments such as stumpage and a stevedoring company.

Most of our work, as I mentioned before, has been on native lands. As the native corporations wind up their harvesting operations, we are presently looking to the Tongass as a source of work for our company and our 400 employees. We are currently looking for opportunities to either buy into or construct a manufacturing facility in southeast Alaska which will require national forest timber.

We are very concerned about the proposed changes in section 405 of ANILCA. It is imperative that the 4.5 billion board feet cut per decade not be diminished. Given that roughly 300 million board feet per year is tied up in long-term sales, that leaves only 150 million board feet for the rest of the industry. Our harvesting capacity alone, 150 to 200 million board feet a year, is greater than that.

As we said before, instead of talking about diminishing the cut below 450 million per year, we feel that the figures should increase and go back to the ANILCA day levels if at all possible.

In regard to the long-term timber sales, we feel that straightforward, good, bad or indifferent, a deal is a deal. The contracts, as any first-year law student knows, cannot simply be repealed. If the government wants the timber back, then it will have to negotiate with and pay the parties involved.

From my point of view, a viable timber industry is required to handle a large percent of timber stands that are highly defective and cannot be manufactured into solid logs or veneer. We have experienced up to over 43 percent in native stands alone of pulp wood.

In other words, a fully integrated industry is necessary to maximize utilization of available timber. A decline in the timber industry will have a devastating effect in rural communities of our native people. Many depend directly and indirectly on a healthy forest products industry. We know that economic decline in the rural areas leads to dependency on government and welfare programs, significantly increased alcoholism amongst the native people. On a larger scale, a decline in one or more of the three important industries in southeast means an overall economic decline for the whole region and it affects every individual.

As of last year, we only one shareholder who was on welfare who we could identify, which we feel is the intent of ANCSA and the purpose of the native village corporations, and that was our goal.

We see no reason to withdraw the 23 additional areas from the Tongass, as proposed under Senator Wirth's bill, but feel that there should be some protection as requested by Sealaska.

One of the things we pointed out last year is if there is to be continued withdrawal of additional areas to satisfy environmental groups, then we feel that the native people of southeast should receive additional lands as well. What is fair is fair.

The TLMP process is the proper forum in which to review the status of these lands. We support the Murkowski/Stevens bill because it protects the 4.5 billion per decade, leaves the contracts to be discussed by the Forest Service and the contract holders, and leaves the land allocations to be made by the forest planning process.

I would like to thank you, Mr. Chairman, for allowing me to make the presentation today.

[The prepared statement of Mr. Thomas follows:]

TESTIMONY OF WILLIAM A. THOMAS, JR.
ON BEHALF OF KLUKWAN, INC & KLUKWAN FOREST PRODUCTS, INC. BEFORE THE PUBLIC LANDS SUBCOMMITTEE OF SENATE ENERGY & NATURAL RESOURCES COMMITTEE

My name is William A. Thomas, Jr. I was born and raised in Haines, Alaska, 80 miles north of Juneau, and now live in the Native Village of Klukwan.

Klukwan, Inc. is a Southeast Alaska Native Village corporation created as a result of the ANCSA legislation. I am a director on the Klukwan, Inc. Board and Chairman of the Board of Klukwan Forest Products, Inc., our largest operating subsidiary and the largest logging concern in Alaska. As a commercial fisherman, I am equally interested in the fishing industry and am a director on the Board of the United Southeast Gillnetters Association.

In Southeast Alaska, everyone depends upon the services that are provided as part of a well balanced community. It is very important that the logging and fishing industries along with the growth of tourism continue to be viable in Southeast. As a fisherman, past logger and a person involved in the logging industry, I feel that the industries can co-exist.

ANCSA recognized the claims of the Alaska Native people to the land. Under the Act, the Village of Klukwan was given the option of retaining the Village reserve land or sharing with the other villages, the land that they would be entitled to under the Claims Act. The shareholders of Klukwan decided to retain reserve status rather than share in the land entitlements with the other corporations. As a result, many shareholders felt that they would be left out of any potential benefit from the Claims Act since many were no longer residents of the Village of Klukwan and did not qualify as IRA members (Indian Restoration Act) of the Village.

This prompted a group of shareholders to get together to see what they could do to get the non-resident non-participants back into the Claims Act. Through years of effort this group of individuals were successful in obtaining recognition of their rights. This was realized on January 2, 1976, with the passage of Public Law 94-204 and Public Law 94-456 allowing selection rights in the Tongass National Forest.

Beginning in 1981, Klukwan, Inc. began commercial harvesting operations on the land it selected under the Claims Act. Klukwan Forest Products, Inc. has become a key player in the timber industry in Southeast Alaska. Any changes in our operations at this late date will only have a negative impact upon the Village Corporation of Klukwan and on its shareholders who depend on the profitability of their Corporation. Recently, we have begun preparing to move from harvesting on Native lands to harvesting on public lands by acquiring our first Federal timber sale. Our economic future depends on the continued availability of Tongass timber. Without this continuing opportunity we may become one of the ANCSA corporation doomed to failure.

The first development of Klukwan's ANCSA lands on Long Island, located about 55 miles west of Ketchikan, saw a harvest in 1981 of 18 million board feet. By contrast, KFP harvested 150 million board feet of ANCSA timber last year, (a volume equivalent to one-third of the 450 million board feet annual allowable cut on the Tongass National Forest). We also built roughly 80 miles of access road last year. Since 1981, we have not only harvested our own timber but have also contracted with Sealaska Corporation, Kootznoowoo, Inc., and Goldbelt, Incorporated, and have purchased stumpage from Cape Fox Corporation, all ANCSA corporations.

Since 1981, Klukwan, Inc. has become one of the largest and most successful Alaska-based corporations in the State, ranking fourth in 1987 on the basis of sales. In terms of sales by Native corporations, we are the second largest with only Sealaska Corporation larger. KFP is the largest timber contractor in Alaska.

Klukwan, Inc. and subsidiaries employs over 400 people with an annual payroll of over $12 million. Nearly all these people are employed in the forest products industry. We have over $20 million invested in timber harvesting equipment.

Most of our work to date has been on Native lands, but as Native corporations wind up their harvesting operations we are looking to the Tongass as a source of work for our Company and its 400 employees. We are currently looking at opportunities to either buy into or construct manufacturing facilities which would require National forest timber.

We are very concerned about the proposed changes in Section 705 of ANILCA. It is imperative that the 4.5 billion board foot cut per decade not be diminished. Given that roughly 300 million board feet per year is tied up in the long term sales that only leaves 150 million board feet for the rest of the industry. Our harvesting capacity alone (150-200 million b.f./year) is greater than that. Instead of talking about diminishing the cut below 450 million b.f./year, we should be figuring out ways to increase the cut above this level.

What most people do not realize, and what the anti-timber faction will not recognize is that there is a fundamental change taking place in the industry in Southeast Alaska. As old growth white woods, such as hemlock and spruce, found on the Tongass become increasingly scarce, demand is going to rise (and already has risen) significantly. The Japanese market pays a large premium for these clear, fine grained woods and they are disappearing from the competitive areas of Oregon, Washington and British Columbia. The industry is realizing that Southeast Alaska is the last bastion of this scarce material. Even the giant Weyerhaeuser Company, which for many years did not express any interest in Southeast has already participated in two (2) ventures and is reportedly looking at others.

Demand for timber on the Tongass will increase steadily over the next few years and the days of deficit sales and uncut sales are a thing of the past. All of the so called "economic" arguments against timber harvesting no longer have validity and the "450" will not be adequate to supply the needs of the industry.

The question of the long term sales is straight forward. Good, bad or indifferent, a deal is a deal. The contracts, as any first year law student knows, can't simply be repealed. If the Government wants the timber back then it will have to negotiate with and pay the parties involved.

From our point of view, a viable pulp industry is required to handle the large percentage of the timber stands that are highly defective and cannot be manufactured into saw logs or veneer (up to 50% of some stands). In other words, a fully integrated industry is necessary to maximize utilization of the available timber.

A decline in the timber industry will have a devastating affect in the rural villages of our Native people. Many depend directly or indirectly on a healthy forest products industry. We know that economic decline in the rural areas leads to dependency on government and welfare programs, significantly increased alcoholism and suicide among the Native people. On a larger scale, a decline in one of the three important industries in Southeast means an overall economic decline for the whole region and affects every single individual.

We see no reason to withdraw 23 additional areas from the Tongass under the proposed moratorium in Senator Wirth's Bill. If this is to be done in favor of the environmental groups, then we feel that the Native people of Southeast should receive additional lands as well. What's fair is fair. The TLMP process is the proper forum in which to review the status of these lands. We support the Murkowski Bill because it protects the 4.5 billion cut per decade, leaves the contracts to be discussed by the Forest Service and the contract holders, and leaves the land allocations to be made by the forest planning process.

Mr. Chairman and Members of the Subcommittee, I wish to sincerely thank you for permitting me the privilege and honor of testifying before you today.

Senator MURKOWSKI. Thank you very much. Mr. Thomas, I very much appreciate your testimony.

You indicate your support for the mandate of 4.5 million board feet per decade put up, as opposed to cut, because there is some misunderstanding about it. It is certainly not the intention of this Senator to propose that it be cut, but the question of the ability to have it up, if the market, if the financing, if the forest can sustain that kind of yield.

My question specifically is, you as the second largest native logging company in Alaska, logging the areas of many of the village timber holdings, which can be exported because it is private timber, into the Japanese market as opposed to Forest Service sales, which must have primary manufacture—how long is your timber going to last, roughly?

Mr. THOMAS. What do we have left?

Senator MURKOWSKI. Yes.

Mr. THOMAS. About two years.

Senator MURKOWSKI. And then for the most part your private holdings will have been cut?

Mr. THOMAS. Yes, sir.

Senator MURKOWSKI. What are you going to do with that land?

Mr. THOMAS. As far as we know, it will be sitting there.

Senator MURKOWSKI. Sitting there growing trees?

Mr. THOMAS. Yes. It has been pretty successful so far.

Senator MURKOWSKI. So, it will be growing trees. There is nothing else you can do with it?

Mr. THOMAS. As I understand, Sealaska has got some mineral—I guess the exploration is going to be going through the holdings we have. But as far as our plan—

Senator MURKOWSKI. Minerals are subsurface.

Mr. THOMAS. We have no future plans for the allocation.

Senator MURKOWSKI. What is your position in two years? Are you going to fold up your tents and walk away or are you going to continue to be viable?

Mr. THOMAS. We hope to continue to be viable. We have got over 400 employees that we have made an obligation to to try to keep employed.

Senator MURKOWSKI. Are these all Alaskans?

Mr. THOMAS. One way or the other. Most of them, after they have been there for a while, they become Alaskans. I think probably 60 percent we have out of our village alone just within the village 24 percent of the people are employed in the timber industry, or what we call primarily stevedoring.

Senator MURKOWSKI. You are going to bid on public sales?

Mr. THOMAS. That is our intention.

Senator MURKOWSKI. There is going to be more intensity because you will not have private timber. You will be looking for timber. And I guess the thing that has been brought out here, particularly among those that would like to see a sustained yield, is the fact that everybody wants a little more land, but they do not make it anymore, unfortunately.

Now, in your testimony you indicated that support for utilizing that portion of the timber that is now convertible into saw logs—and I assume that—what would happen to your timber that is not suitable for saw logs if the pulp mill contracts were cancelled and the pulp mills ceased to exist because they did not have timber?

Mr. THOMAS. Well, presently we sell some into Canada, but we like the idea of having the two pulp mills there for competition reasons. It does return us a higher value on the pulp logs.

Senator MURKOWSKI. You sell the pulp logs wherever you can get the best price?

Mr. THOMAS. Yes, sir. That, we feel, is our mandate from the shareholders on profitability.

Senator MURKOWSKI. Where are you currently selling your pulp now?

Mr. THOMAS. We have not made an obligation to sell this year. There is what we call a bidding war going on between the two major pulp companies, and I believe two Canadian firms, and pulp is going up. I believe it was 110 to 115. We are looking at 150,000. The last bid, I think, was 145.

Senator MURKOWSKI. If you did not have the two Alaska mills, then I assume the alternatives would be to export your logs from private lands to pulp mills in Canada or grind them up in chips and export the chips?

Mr. THOMAS. Yes, sir. Right now we are sending them to Canada, quite a bit of them.

Senator MURKOWSKI. But then if you were dependent on coming in and bidding on public sales which require primary manufacturing, then you could not ship those logs out of the state, could you, under current law?

Mr. THOMAS. No, sir.

Senator MURKOWSKI. If you did not have the two pulp mulls, what would you do with those logs?

Mr. THOMAS. We would have to chip them. Then, hopefully, they would buy them from us like they do.

Senator MURKOWSKI. We do not know yet whether there is a mandate against chipping and exporting our forest service. Does anybody know?

Mr. THOMAS. I think you are allowed to export chips from Forest Service sales.

Senator MURKOWSKI. I have no further questions.

I want to thank you both for preparing this hearing and accommodating all of our witnesses, and you have been very patient. You have two weeks that the record will remain open. On behalf of the Subcommittee Chairman, Senator Bumpers, I want to thank all of the witnesses and particularly thank our court reporter, who has been very patient and wish you all a good day.

[Whereupon, at 1:45 p.m. the hearing was adjourned.]

[Due to the voluminous nature of the materials submitted, additional documents have been retained in subcommittee files.]

APPENDIXES

APPENDIX I

Responses to Additional Committee Questions

United States Department of Agriculture
Forest Service
Washington Office
12th & Independence SW
P.O. Box 96090
Washington, D.C. 20090-6090

Reply To: 1510

Date: APR 14 1989

Honorable Dale Bumpers
Chairman, Subcommittee on Public Lands,
National Parks and Forests
Committee on Energy and Natural Resources
United States Senate
Washington, DC 20510-6150

Dear Mr. Chairman:

In response to your letter of March 10, we have prepared the enclosed responses to your questions regarding S. 237 and S. 346, legislation relating to management of the Tongass National Forest.

Please let us know if you need additional information.

Sincerely,

David E. Ketcham

for F. DALE ROBERTSON
Chief

Enclosure

Bumpers Q&A 4/3

QUESTIONS FOR THE U.S. FOREST SERVICE

SECTION 705 -- TIMBER HARVEST GOAL

QUESTION 1. The General Accounting Office (GAO) report on the Tongass last year recommended that Tongass timber supply goal should be determined through the normal Forest Service land management planning process, rather than through a "rigid per-decade requirement." Do you think this is a good idea?

ANSWER: We do not consider Section 705(a) of ANILCA a "requirement." Rather, we view it as requiring that we maintain a land base sufficient to supply 4.5 billion board feet per decade if sufficient demand and markets exist. This and a host of other issues are currently being examined in detail through the Tongass Land and Resource Management Plan revision. If, as a result of the revision, we find Section 705(a), or any other provision of law, to be inconsistent with providing a balanced program of multiple-use resources from the Tongass, we will seek changes in such laws. However, we believe that legislative changes at the present time would be premature.

QUESTION 2. Could you still have an added investment program for cutting marginal timber without the automatic $40 million and 4.5 language of Section 705?

ANSWER: Yes, depending on appropriation levels. Further, the demand for marginal timber would be determined by the price and demand for the products produced from that timber.

QUESTION 3. What has been the average timber volume cut on the Tongass since 1980?

ANSWER: The annual average volume scaled on the Tongass since 1980 excluding utility logs is 285 MMBF. The annual average including utility logs is 334 MMBF.

QUESTION 4. What was the peak timber volume cut since 1980?

ANSWER: The peak timber volume scaled from the Tongass since FY 1980 occurred in FY 1980 with 428 MMBF, excluding utility logs. The total volume was 480 MMBF in FY 1980.

50-YEAR CONTRACTS

QUESTION 1. What are the differences in administration between a normal Tongass short-term timber sale and these 50-year contracts?

ANSWER: There are no differences in the administration of harvest and road construction requirements on the long-term sales and short-term sales.

QUESTION 2. Under the 50-year contracts, does the Forest Service have full discretion to decide whether or not to let the pulp mills log in any given area?

ANSWER: Yes, the Forest Service has sole authority to specify areas to be included for harvest under the long-term contracts.

QUESTION 3. Does the Forest Service believe that the pulp mills could not continue to operate if their contracts were replaced by normal, short-term sales?

ANSWER: Not necessarily; as with pulp and other forest product mills elsewhere, continued operation is a corporate decision usually based on availability of reliable raw material sources at costs which will enable profitable operation.

QUESTION 4. If you had a clean slate in the Tongass today, would you enter into these same 50-year contracts again?

ANSWER: A decision as to whether to enter into 50-year contracts would have to be based on the situation at the time and a view of the future.

With respect to the current contracts, during the 1950's, the economy of Southeast Alaska, based primarily on salmon and gold, was in serious decline. With outspoken support from local residents, the Alaska Territorial Government and the Federal Government agreed to promote the economic potential of Southeast Alaska through the development of a timber industry.

Establishment of the long-term contracts and the requirement for local manufacturing were two methods used to stabilize and diversify the economy of Southeast Alaska. To a large extent, these efforts were successful. Between 1954 and 1974, timber industry employment grew from 29 to 54 percent of the total employment in natural resource industries in Southeast Alaska (fisheries, timber, minerals). During the depression of world timber prices from 1982 to 1985, the percent of timber industry employment in natural resource industries fell but was still significant. Recent State of Alaska and Forest Service information indicates timber related employment is again on the rise. Markets are improving and with them timber industry employment.

Whether a similar decision would be made today if we "had a clean slate in the Tongass" is difficult to determine, but as in the 1950's, it would be based on a careful assessment of the public policy objectives which would be advanced by such action.

QUESTION 5. I understand Alaska Pulp is suing us in the Court of Claims for at least $80 million dollars, claiming they have a right to log wherever they want and claiming we owe them a profit. Are these claims based on the provisions of their 50-year contract?

ANSWER: The claim is based on the company's interpretation of the contract provisions. We do not agree with APC's positions and claims.

QUESTION 6. Do you agree with the Congressional Research Service's use of the Boundary Waters Canoe Area Wilderness Act case (*Hedstrom Lumber v. United States*) as a good measure of "just compensation" for the 50-year contract holders? What is your estimate of the compensation that would be due if the contracts were cancelled?

ANSWER: There are some differences between the Hedstrom Lumber case contracts and the 50-year contracts to Alaska Pulp Corporation and Ketchikan Pulp Company. *Hedstrom* involved short-term timber sales that were to harvest and pay for the timber included in those sales. There were no requirements to build and operate processing facilities, nor to harvest a minimum amount of timber in a specified period, regardless of market demand or price of the product being produced by the required facility. However, the Hedstrom case appears to provide a defensible guide to elements required for just compensation for National Forest timber sale contracts in general, comparable to the measure contained in 36 CFR 223.116(a)(5).

Thus, we would expect compensation due for cancellation of the long-term contracts to include any additional cost to the companies to replace the timber remaining available for harvest under the contracts with other timber. The Congressional Research Service estimated this cost to be about $150 million. In addition, as in the Hedstrom case, we would expect costs which the companies have invested in performing the contracts which have not yet been amortized or otherwise fully recovered as of the date of cancellation to be a part of compensation due. Road and other transportation system construction costs for harvest not yet completed under the contracts currently is estimated to equal about $2.5 million, for instance.

The companies themselves have provided congressional committees with estimates for compensation far greater than the above amounts. We do not agree with these estimates but have not had the opportunity to review them in detail. The extent to which the companies would prevail in court in establishing entitlement to the amounts they claim remains unknown.

QUESTION 7. If Congress chooses to terminate the 50-year contracts, would you have the authority under existing law to implement a program of short-term competitively bid sales sufficient to meet the mills needs?

ANSWER: Yes. Whether sales would be sufficient to meet the mills needs would depend on factors such as maintenance of a sufficient timber base. The mills, however, are only one segment of the Southeast Alaska timber industry. Maintenance of existing levels of timber industry employment would require not only a sufficient land base, but also appropriations sufficient to continue the added investment program, as outlined in the Tongass Land Management Plan of 1979.

LOGGING MORATORIUM AREAS (S. 346)

QUESTION 1. How much would removal of the 23 moratorium areas reduce the current 4.5 billion board foot capacity of the forest--on an annual basis?

ANSWER: About 54 MMBF per year. In addition, the moratorium areas would further reduce the allowable sale quantity (ASQ) by about 15-20 MMBF per year, mostly by isolating certain value comparison units (VCU) because of restricted road access.

In 10 years, the reduction would be 540 MMBF plus 150-200 MMBF for isolating certain VCU's and restricting road access.

QUESTION 2. Would protecting these areas in a temporary moratorium until the TLMP revision in the early 1990's prevent you from meeting industry timber demand?

ANSWER: Quite likely. Sawlog harvest on the Tongass is predicted to increase from 331 MMBF in FY 1988 to more than 400 MMBF in FY 1992. Based on these projections and the estimated reductions as a result of the proposed moratorium areas, it is unlikely that sawlog demand could be met.

QUESTION 3. Do any of these 23 areas contain currently approved timber sales?

ANSWER: Yes, some approved timber sales in APC's 1986-90 Operating Plan are within the 23 areas.

QUESTION 4. Do you have any plans to offer timber sales in these areas before the TLMP revision is finalized? Which specific areas?

ANSWER: Yes, current plans call for two short-term sales in the West Duncan Canal area. The South Kuiu and Chichagof areas would in all likelihood contain potential harvest units for APC's 1991-95 Operating Plan.

QUESTION 5. During revision of the Tongass forest plan, will you be able to come up with better management prescriptions for these 23 areas--protecting their fish and wildlife values more than current classification?

ANSWER: Fish and wildlife resources are being protected under existing management direction. However, the revision will address the fish and wildlife resources, as well as other resources, more completely than the current plan. In the revised plan, a wide range of more specific management prescriptions will be presented. Standards and guidelines will be established for each prescription. Wildlife and fish values will be addressed under each management prescription, with varying levels of protection provided depending upon the emphasis of the management prescription.

The final land use allocations for the 23 areas in question will be determined by the revised plan.

HIGH-VOLUME OLD-GROWTH FOREST

QUESTION 1. How many acres of this vast Tongass National Forest consist of high-volume old-growth stands--over 30,000 board feet per acre?

ANSWER: The Tongass National Forest contains about 16.7 million acres, of which 5.7 million acres are commercial forest land. Of this, 663,000 acres have stands of 30,000 board feet or more per acre, or 3.9 percent of the total Tongass.

QUESTION 2. How many acres of this high-volume forest have been logged on the Tongass since cutting began under the 50-year contracts?

ANSWER: Harvest records by volume classes prior to the Tongass Land Management Plan (1979) are not available. When the Plan was adopted, 277,000 acres of such high-volume stands were scheduled for harvest over the rotation. About 32,000 acres have actually been harvested. About 23,000 acres were harvested under the long-term contracts.

Since the long-term sales began operations in the early- to mid-1950's, they have harvested approximately 190-195,000 Acres in total from all volume classes.

QUESTION 3. How many acres of high-volume old-growth are scheduled for harvest over the next rotation?

ANSWER: The Tongass Land Management Plan scheduled 277,000 acres of volume in the 30,000 board feet or greater volume classes over an approximate rotation of 100 years.

QUESTION 4. How many acres of this high-volume old-growth forest are protected for posterity in designated wilderness areas?

ANSWER: About 28 percent or 184,000 acres are in Wilderness. In addition, under the current Forest Plan, 61,000 acres of this volume class are in land use allocations which preclude timber harvest, for a total of 245,000 acres or 37 percent.

Of the 663,000 acres of high volume stands, 277,000 acres are scheduled for harvest over 100 years, leaving 386,000 acres or 58 percent uncut in the year 2079.

QUESTION 5. How will the new timber stands that replace the high-volume old-growth be different from the high-volume old-growth forests?

ANSWER: The high-volume old-growth timber stands that are cut will be replaced by second-growth stands which will average 64 MBF per acre. The average diameter will be somewhat smaller, about 17 inches. There will be less defect in these new stands.

At the end of the rotation the acreage of 30,000 board feet or more per acre will increase to 1,552,000 acres or about 87 percent of the total acres that are scheduled for harvest under the current Forest Plan, compared to 16 percent originally.

QUESTION 6. In last year's followup answers to this Committee, you stated that the very best Tongass timber stands (50,000 board feet per acre or greater) comprise only 1.6 percent of the entire Tongass land base. What is the average volume per acre of stands that have been logged on the Tongass since 1980?

ANSWER: There appears to be some confusion about last year's answer regarding the 50,000 board feet per acre stands. These stands comprise 1.6 percent of the total commercial forest land on the Tongass National Forest, not 1.6 percent of the entire Tongass land base.

There is also some confusion in regard to the volume harvested per acre since 1980. The calculation has been made by several individuals to portray timber harvest volumes as the item to monitor for compliance to timber scheduled in the Forest Plan. This has been done by dividing scaled volume by acres reported harvested in a fiscal year.

Monitoring the Forest Plan cannot be done in this manner. Once timber is made available for harvest, the Forest Service does not fully control the scheduling. For example, some of the timber sold since 1980 remains unharvested in contracts yet to be completed.

Conformance with and monitoring of the Forest Plan is actually done on the basis of the volume made available. The average volume per acre made available since 1980 is about 31 MBF. Using this measure shows that when harvest of this volume is completed, the volume per acre of harvest will conform with the Forest Plan goal. At present, the average volume per acre harvested from the timber made available has been about 39 MBF. However, it must be stressed that when the harvesting on existing contracts is complete, it will be in conformance with the plan goals.

QUESTION 7. What is the average volume per acre found currently on commercial forest lands in the Tongass?

ANSWER: The average volume per acre for the total unharvested commercial forest land is about 20 MBF.

EXISTING TONGASS WILDERNESS

QUESTION 1. Did the creation of 5.5 million acres of wilderness in the Tongass take away from the timber base in the contract areas of either of the pulp mills?

ANSWER: Yes, the creation of West Chichagof-Yakobi and the South Baranof Wilderness areas removed land from the primary contract area of the APC sale.

QUESTION 2. How many acres of high-volume old-growth forest are protected within existing wilderness areas? How much of that acreage would be accessible and suitable for timber harvest if not in wilderness?

ANSWER: There are 184,000 acres of 30,000 board feet per acre or greater, in Wilderness, with 122,000 acres suitable for timber harvest.

QUESTION 3. How much of all the "high value"--as described in the 1979 forest plan--fish and wildlife habitat is protected in existing Tongass Wilderness?

ANSWER: ANILCA designated Wilderness includes 139 of 490 high-value fisheries habitat areas and 87 of 294 high-value wildlife areas identified in the Forest Plan. In addition, 65 high-value fisheries habitat areas and 31 high-value wildlife habitat areas are designated in the Forest Plan for unroaded, primitive recreation management (Land Use Designation II).

QUESTION 4. Has the creation of designated wilderness on the Tongass by ANILCA been beneficial to the tourism industry?

ANSWER: The tourism industry is primarily based on Southeast Alaska's undeveloped scenic character both within designated Wilderness and in other areas with relatively undeveloped characteristics. The majority of tourist operators feel Wilderness is a positive attribute but also recognize the restrictive effects of Wilderness designation on facilities such as lodges and resorts. Establishment of major facilities in or near a designated Wilderness may be adversely affected by the necessary restriction of development and use within a designated Wilderness.

Wilderness designation seems to have more influence on the pattern of marketing and promoting tourism which in turn affects use patterns. Often a specific wilderness is promoted such as Misty Fiords National Monument Wilderness. However, there is some indication that because of the interest created about the Tongass National Forest in the past two years, just the reference to the name "Tongass," rather than to a specific wilderness, is being used to promote trips and services.

TONGASS LAND MANAGEMENT PLAN

QUESTION 1. When will the new Tongass forest plan be complete?

ANSWER: A draft of the revised plan and an accompanying draft environmental impact statement is scheduled for completion by December 1989. We expect the revised plan to be completed in 1991.

QUESTION 2. In the Tongass plan revision now being developed, could you select and implement an alternative including an allowable sale quantity smaller than 4.5 billion feet, *without* new legislation from Congress?

ANSWER: The revised Forest Plan will examine a full range of alternatives ineluding but not limited to those which comply with the timber supply provisions of Section 705(a) of ANILCA. If an alternative is selected that does not comply with Section 705(a), current law would need to be modified prior to plan implementation. However, the current law in no way constrains examination or selection of an alternative through the forest planning process which might deviate from the requirements of Section 705(a).

QUESTION 3. Can you select and implement an alternative that budgets less than $40 million dollars per year to make timber available, *without* additional legislation from congress?

ANSWER: Yes. The funding provision of Section 705(a) is primarily to ensure that the added investments necessary to maintain a timber supply of 4.5 billion board feet per decade can be made if sufficient demand exists for the timber. Less than $40 million could be budgeted without a legislative change under at least two scenarios: One, the necessary added investments could be accomplished for less than $40 million, or two, the projected demand for Tongass timber was insufficient to require the full range of investments.

QUESTION 4. If S. 346 becomes law, will you still be free to select any reasonable alternative plan -- including continuing current management -- *without* additional legislation from Congress?

ANSWER: Until the detailed analysis of alternatives is completed through the forest planning process, the effect of enactment of S. 346 on our ability to select *and implement* any reasonable alternative plan--including current management--without additional legislation is unclear. However, the prescriptive nature of some provisions of S. 346 could constrain implementation of some alternatives.

QUESTION 5. What are the purpose of "analysis of the management situation" (AMS) reports? When will these be completed for the Tongass?

ANSWER: The analysis of the management situation (AMS) provides a framework for determining if changes are needed in established management direction. The AMS also evaluates the Forest's ability to supply goods and services in response to society's demands. The AMS provides a basis ("side-boards") for the formulation of a broad range of reasonable alternatives, which are further evaluated in the planning process.

Information included in our AMS are descriptions of the current management situation, resource demand projections, and an analysis of the physical, biological, and technical capabilities of the Forest which incorporates the results of benchmark analysis. The AMS is scheduled for completion in July 1989.

QUESTION 6. If you haven't completed your AMS reports and you haven't formulated alternatives, is your deadline for Tongass Plan revision still realistic?

ANSWER: Yes, we believe we can meet our deadline. We expect the AMS to be available for public review this summer and for a draft Forest Plan to be available by year end.

QUESTION 7. Will the new Tongass plan retain the roadless designation--LUD II--for lands outside wilderness but also outside the timber base? Will you open some of these areas to logging?

ANSWER: No, the designation LUD II will not be retained. However, there will be management prescriptions for roadless areas without Wilderness designation in the Revised Forest Plan. These prescriptions will be similar to management under the LUD II designation.

The Revised Forest Plan will determine how the current LUD II areas will be managed.

QUESTION 8. Do you interpret the management directions in Sec. 202 of S. 346 to preclude timber harvest from the 23 areas after revision of TLMP?

ANSWER: The prescriptive nature of Section 202(c) would make timber harvesting in the 23 areas unlikely.

TIMBER ECONOMICS

QUESTION 1. What is the total cost for the Tongass timber program per thousand board feet of timber prepared? Please display the costs of the Regional Office timber program you included in your calculations.

ANSWER: Based upon the Timber Sale Program Information Reporting System (TSPIRS) report for FY 1988, the unit cost for the timber program on the Tongass is $31.83 per thousand board feet, excluding the Regional Office expenses, and $47.27 per thousand board feet including the Regional Office expenses.

Bumpers Q&A 4/3

PROJECT UNIT COST - TONGASS TIMBER PROGRAM
(EXCLUDES GA AND WO ASSESSMENTS)

	FY 1989	REGIONAL OFFICE COSTS[1]
Sale Prep[2]	$16.55/MBF*	$ 2.15 (13%)
(w/SEIS & Litigation)	$18.71/MBF	$18.71 (100%)
Timber Support	$ 4.21/MBF	$ .93 (22%)
Harvest Administration	$ 9.08/MBF	$ 2.18 (24%)
Reforestation	$0 [3]	$ .0 (0%)
TSI	$401/AC	$ 12 (3%)
FS Road Construction (w/o engr. support)	$248,976/mile (12.7 mi. const.)	$ 0 (0%)
FS Road Reconstruction (w/o engr. support)	$131,515/mile (6.6 mi. reconst.)	$ 0 (0%)
FS Road Construction engr. support [4]	$81,748/mile (88.7 mi. const.)	$12,262 (15%)
FS Road Reconstruction engr. support [4]	$35,392/mile (30.6 mi. reconst.)	$ 9,910 (28%)
Purchaser Const. [5] $131,000/mile	$ 0 (0%) (76.0 mi. const.)	
Purchaser Reconst.[3]	$75,000/mile 24.0 mi. reconst.)	$ 0 (0%)
FS Bridge Reconst.	$1,885.0 (30 bridges)	$ 0 ([illegible]%)
TTF Const/Reconst.	$1,470. (4 Structures-Reconst.)	$ 0 (0%)

1/ Portion of total costs attributable to the Regional Office

2/ Includes Planning, Inventory, and Sale Prep. (TTTT & SSSS)

3/ No TTTT Reforestation or TSI Outputs

4/ Includes engineering support for public works road construction and purchaser road construction. Does not include payment of augmentation on the Sumez and Granite Creek timber sales per Comptroller General's decision since these costs reflect on road construction activities previously completed.

5/ Includes payments for augmentation. Costs used reflect allowances in the timber sale appraisal. Not all Purchaser Construction activity will be covered by effective purchaser credits. Only the estimated effective purchaser credit is displayed in the Explanatory Notes

6/ Explanatory Notes mileage reduced by the amount of augmentation.

7/ Average cost per mile excluding bridges. For FY 1988, the Explanatory Notes reflect costs for bridges, $321,000/mile.

* Planned costs include GIS & Area SEIS Costs

** Includes Contract Administration $'s for contracts awarded in prior years

QUESTION 2. Per dollar of Forest Service funds expended, what return do you receive?

ANSWER: Using the Revenues and Expenses reported in TSPIRS for FY 1988, the return for the Tongass was $0.87 and $0.59 per dollar spent without Regional Office cost and with Regional Office cost included, respectively.

QUESTION 3. How much is Alaska Pulp Company paying per thousand board feet of prime spruce sawlogs?

ANSWER: The current contract rate for spruce sawlogs on the APC sale is $2.26 per thousand board feet. The next rate redetermination is effective January 1, 1991. Based on current appraisal data and assuming no change in market or costs of production, the price of spruce would be approximately $120-140/MBF.

QUESTION 4. How much is Ketchikan Pulp Company paying for spruce sawlogs?

ANSWER: The current contract rate for spruce on the KPC sale is $96.67 per thousand board feet. Minor adjustments are made quarterly, based on species mix harvested.

QUESTION 5. How much did each pulp mill pay the last time the markets were good in 1980?

ANSWER: In 1980 the rates paid for spruce sawlogs by the two companies were as follows: Alaska Pulp Company, $55.31/MBF; Ketchikan Pulp Company, $114.96/MBF.

QUESTION 6. Why do you amortize road costs for such a long period in TSPIRS?

ANSWER: The TSPIRS accounting system amortizes road costs following generally accepted accounting principles. This "cost amortization" is different than the standard business practice of depreciating assets such as roads over a 20- to 30-year period for business tax purposes. Standard accounting methods amortize costs over the period necessary to receive a return on the initial investment. In the case of timber management on the Tongass, this period is 80 to 120 years, or one timber rotation.

This does not mean that the expected life of the road is 80 to 120 years. Rather, it means that we spread these capital costs over the time it takes to grow a crop of trees. Some road construction costs have a longer useful life. Costs for survey and design of the road, acquisition of the road right-of-way or easements, and costs of basic clearing and sub-grade construction are generally one-time expenditures that are not time dependent. Costs for repair and maintenance are added on in the year incurred.

FISHING INDUSTRY AND MANAGEMENT

QUESTION 1. When we asked you about Tongass fishing at our hearing, you said salmon runs had never been better. How are they doing now?

ANSWER: In 1987 and 1988 the commercial salmon harvests fell well below the 9-year average (1980-88) of 138 million pounds per year. The harvests in 1987 and 1988 were 86.1 and 86.2 million pounds, respectively. We believe the reduced harvest in 1987 was due to poor marine survival and a shortfall in pink salmon returns caused by poor egg survival and early freezing conditions in November of 1985. The low salmon returns in 1988 are thought to be a result of illegal catches of immature salmon on the high seas by foreign fleets. Evidence to support this claim has been gathered by the National Marine Fisheries Service and the Alaska Congressional delegation.

QUESTION 2. When fish runs were good, your hearing statement indicated that careful Forest Service timber practices might be responsible. Are you responsible for the downturns as well?

ANSWER: We cannot recall saying timber harvesting is responsible for the large runs of salmon experienced lately in Southeast Alaska. Our position is that properly managed timber harvesting will not adversely affect spawning habitat over the long-term. The result is little if any effect on salmon populations.

QUESTION 3. Do you log right up to the banks of some of your salmon streams in Alaska?

ANSWER: If the habitat management objective is to provide direct sunlight to the stream to improve fish rearing conditions, limited timber harvest in the streamside management area could be prescribed. This harvest, however, would adhere to the standards and guidelines described in the Alaska Region Aquatic Habitat Management Unit Handbook. This handbook provides site-specific habitat management prescriptions to achieve desired habitat objectives.

QUESTION 4. The National Marine Fisheries Service recently called for maintenance of pristine 30 meter (100 foot) buffer zones of all salmon streams. Will you implement this policy?

ANSWER: The NMFS policy is founded upon generalized information and as a result, prescribes a uniform habitat protection standard that is based on a no-touch zone (mandatory buffer). This approach to habitat protection is quite rigid with few management options. Recent research shows that more flexible streamside management techniques can protect existing fish habitat, and in some cases improve fish production. The Alaska Region Aquatic Habitat Management Unit Handbook provides fish habitat management standards and guidelines that are designed to protect and enhance fish habitat productivity. Using these standards and guidelines, site-specific habitat management prescriptions are developed to achieve desired habitat objectives. The Forest Service intends to use fisheries habitat management prescriptions that are based upon site-specific information and will fully protect fish and their habitat.

QUESTION 5. This last year you issued a draft plan for Ketchikan Pulp that showed you planned to harvest up to 80 percent of the timber in your Aquatic Habitat Management Units--which are your version of buffers. Why do you plan so much logging so close to streams?

ANSWER: Our present standards and guidelines specify adequate protection of fisheries habitat. To meet this goal, the prescription in the 1989-94 Operating Plan for the Ketchikan Pulp Company is based upon the habitat protection standards and guidelines in the Alaska Region Aquatic Habitat Management Unit Handbook. The State of Alaska and other Federal resource agencies assisted with the development of the habitat management standards and guidelines for fish habitat protection in this handbook.

JOBS

QUESTION 1. How many direct, full time equivalent jobs in logging, sawmills and pulp mills did the Tongass timber program support in 1988?

ANSWER: About 2,030 direct jobs in logging, sawmills, and pulp mills were supported by the Tongass timber program in 1988.

QUESTION 2. How many of those same jobs were provided by the timber harvest from private lands in Southeast Alaska, including of course Native Corporation lands?

ANSWER: About 1,300 jobs in logging, sawmills, and pulp mills were supported by timber harvest from private lands in Southeast Alaska in 1988.

QUESTION 3. Has there been a shift in the degree to which Southeast Alaska's timber industry depends on the Tongass as a source of timber?

> ANSWER: No, a shift in dependence of the wood products industry has not occurred. However, log exports have displaced cant exports with a corresponding decrease in the level of the Federal timber harvest (Table 1 and Table 2).
>
> Within the next 5 years, we anticipate decreases in Native logging volume, and a continuing demand for clear grained spruce, that will likely result in an increase in the export of cants, with a corresponding increase in the level of the Federal timber harvest.

QUESTION 4. If the Native logging proves to be unsustainable, is it the responsibility of the Forest Service to try to make up for their dwindling supplies by increasing the Tongass cut?

> ANSWER: No. In 1988, the total harvest from all ownerships in Southeast Alaska was 790.2 MMBF. Given the existing land allocation pattern, the Tongass is capable of providing a sustained harvest of no more than 450 MMBF.

Table 1. Timber Supply in Southeast Alaska
Harvest And Import By Source And Type of Timber
Fiscal years 1980-1988[1]
(Millions of Board Feet)

SOURCE	1980	1981	1982	1983	1984	1985	1986	1987	1988
Public									
Tongass N.F.									
Sawtimber	428.3	339.5	326.6	220.0	226.7	182.5	251.4	282.0	331.5
Utility[2]	51.8	47.8	43.8	30.0	34.0	69.5	39.1	54.2	64.7
State of Alaska									
Sawtimber	32.5	36.1	26.2	20.9	14.3	3.3	10.4	15.9	8.8
Utility	0.5	0.7	0.0	0.1	0.5	0.5	0.2	0.3	0.0
BIA	12.8	4.7	2.8	3.1	1.1	0.1	0.0	0.0	0.0
Private [3]									
Export Sawlog	83.0	31.6	137.0	249.3	202.3	225.3	295.9	286.1	305.2
Pulplogs	61.8	35.4	22.3	42.6	56.0	46.6	ne	110.0	80.0
Sawlog	543.8	409.2	489.8	490.2	443.3	391.1	557.7	584.0	645.5
Total	657.9	493.1	555.9	562.8	533.7	507.7	596.6	748.5	790.2
Imports									
Sawtimber	33.0	27.1	3.1	21.1	5.7	7.8	24.4	5.7	0.1
Pulpwood logs[4]	0.0	0.0	0.0	2.0	38.0	11.9	22.1	5.1	6.8
Wood chips[4]	0.0	0.0	0.0	0.0	15.6	0.0	0.0	0.0	0.0
Total Wood Supply	690.9	520.2	559.0	585.9	93.0	527.4	643.1	759.3	797.1

[1] The Federal Fiscal Year extends from October 1 to September 30 of the following year.

[2] The Forest Service requires the harvest and removal of utility volume which is in addition to the 450 MMBF Allowable Sale Quantity (ASQ) calculated in the Tongass Land Managment Plan (TLMP). The 450 MMBF Allowable Sale Quantity is based on net sawlog volume, whereas, the timber supply of 4.5 billion board feet per decade specified in Section 705 of the Alaska National Interest Lands Conservation Act (ANILCA) is nonspecific. It is assumed the Section 705 provisions are net of utility volume since the Congressional Record on ANILCA references the ASQ calculations in TLMP.

[3] Estimate. Sources were not found for certain years or ownerships and are not estimated (ne). Some of the private harvest reported in fiscal years 1982-86 for southeast Alaska originated from southcentral Alaska, but data were not available to separate the two regions from the estimated total.

[4] Compiled from official statistics of the U.S. Department of Commerce. Commerce reports pulpwood imports and wood chips imports in short tons. Cords are converted to log scale at a ratio of 2 cords per thousand board feet (MBF). Wood chips are converted to log scale at a ratio of 2.7 short tons per MBF.

Bumpers Q&A 4/3

Table 2. International Exports of Alaskan Forest Products
Fiscal Years 1980-88[1]

PRODUCT/UNIT	1980	1981	1982	1983	1984	1985	1986	1987	1988
SOFTWOOD LOGS									
Volume (MMBF)	179.7	130.1	197.5	292.6	237.6	258.6	340.3	436.1	482.2
Value ($millions)	91.4	68.4	95.4	128.3	97.1	99.6	137.9	179.6	261.6
Unit Value $/MBF	509	526	483	439	408	385	405	412	543
LUMBER AND CANTS									
Volume (MMBF)	266.5	202.5	178.6	136.0	113.3	122.1	93.7	121.1	153.4
Value ($millions)	96.6	60.3	62.5	45.5	32.2	32.5	24.7	33.9	52.1
Unit Value ($/MBF)	362	298	350	334	284	266	263	280	340
WOODCHIPS									
Volume (MSTN)	159.0	66.7	93.5	21.0	11.6	4.9	0	0	11.5
Value ($millions)	10.6	5.5	6.4	1.3	.3	.4	0	0	.6
Unit Value ($/STN)	66	82	68	60	29	89	0	0	49
WOODPULP									
Volume (MSTN)	325.0	278.8	232.6	207.8	274.7	183.5	224.6	255.7	287.1
Value ($millions)	158.6	135.7	113.3	94.8	127.3	72.0	85.4	113.9	160.4
Unit Value ($/STN)	488	487	487	456	463	393	380	446	559
TOTAL VALUE ($millions)	**357.2**	**269.9**	**277.6**	**269.9**	**256.9**	**204.5**	**248.0**	**327.4**	**474.7**

[1] Volumes exported are in millions of board feet (MMBF) or thousands of short tons (MSTN). Values are free along ship (FAS) in millions of nominal dollars. Unit values are dollars per unit.

Source: Compiled from official statistics of the U.S. Department of Commerce (1988).

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March 28, 1989

SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS, AND FORESTS
SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

ANSWERS TO QUESTIONS FROM THE HONORABLE DALE BUMPERS

QUESTION 1. WHY SHOULDN'T CONGRESS WAIT FOR THE TONGASS LAND MANAGEMENT PLAN REVISION BEFORE PASSING REFORM LEGISLATION?

As long as the rigid 4.5 language persists in law, there can be no real change, no fair planning in the Revision, and no true balanced management of the Tongass for all its multiple uses. Important fish and wildlife habitat must be permanently protected from logging to prevent serious long-term reductions in fish and wildlife populations coupled with associated negative impacts on commercial fishing, tourism and recreation, and subsistence hunting and fishing.

History clearly shows that the Forest Service considers the 4.5 a congressional mandate. At countless public meetings and workshops Southeast Alaskans have asked that areas important to them be spared from the chainsaw, only to be told by Forest Service personnel that "we have no choice" because the 4.5 is mandated by law or that requirements of the 50-year contracts must be fulfilled.

The story of Tenakee Springs is a good case in point. In 1975, John Standerwick of the Forest Service used the "commitment to provide timber for ALP (now APC)" to justify why logging opposed by Tenakee residents must proceed. In 1983 Chatham District Supervisor Bill Gee stated, "The key issue is the Forest Service mandate to make available to the timber industry 4.5 billion board feet of Tongass timber each decade. That figure comes from the Alaska Lands Act and ties the hands of the Forest Service." In 1986 Sitka District Ranger Craig Courtright explained the situation again at a public meeting: "You've got to remember that we're agents of the government being paid to implement the existing situation....the point is, I still have to provide the 450 million board feet. I don't have any option." We can provide other examples upon request.

Frankly, only because of intense pressure from Congress, has the Forest Service temporarily changed its tune by claiming that

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[illegible] CONSERVATION COALITION Petersburg • FRIENDS OF GLACIER BAY Gustavus • TONGASS CONSERVATION SOCIETY Ketchikan
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it has altered its overall timber management policies on the Tongass. But while testifying that it no longer considers the 4.5 a mandate, the Forest Service goes on to state that if their data base and inventory information gathered for the revision indicate the 4.5 cannot be supplied, the agency will come to Congress and ask for changes. We believe that the agency is talking out of both sides of its mouth. If the Forest Service doesn't consider the 4.5 a mandate, why would it have to come back to Congress to ask for changes? A great many Southeast Alaskans believe that the only way the Forest Service will ever change is if Congress forces them to do so.

While the Forest Service is adamantly claiming that the draft Revision will be out in December 1989, it is already a year behind on the schedule it published in 1987. We believe that it will be as late as 1994 before the "new" Tongass Plan is finally completed. In the meantime, the Forest Service will continue implementing the 4.5 mandate in the field as its excuse for having to log the key fish and wildlife habitat and recreation areas that the public has fought so hard to have spared. If the agency discovers that a different supply goal is warranted or key habitat and recreation areas should be protected from logging to provide for other nontimber uses and brings it before Congress, it will take several years for Congress to act on those recommendations. In the meantime, this course of inaction assures that there will be precious little left to reform.

Additionally, the two pulp mills will use their 50-year contracts to continue targeting key fish and wildlife habitat that communities have asked to be protected for the nontimber uses that provide for those communities' stability. Between now and the final Revision of the Tongass Land Management Plan scheduled for 1991-92 (or later), 2.5 billion board feet of new timber sales will be committed by the Forest Service for logging. This includes 3 major 5-year operating plans for the two pulp mills plus independent timber sales. These plans will also propose more than 1000 miles of new roads. Unless placed under a moratorium or permanently protected, many of the critical fish and wildlife areas listed in S 346 will be clearcut and criss-crossed by road networks.

We firmly believe that reform legislation will untie the hands of Forest Service professionals and provide guidance to continue the Revision planning effort. The claim that the agency will be forced to start its revision effort over is erroneous. All the data base and inventory information work which has been done thus far will be utilized to make the Revision a better and more balanced land use plan.

As long as the 4.5 is written in law and as long as the 50-year contracts allow the pulp mills to continue their control over management decisions, the "revised" Tongass Plan will simply be a tragic replay of the current situation. Many Southeast Alaskans believe that unless changes are made now, the Revision will be a monumental waste of time and money.

QUESTION 2. WHAT IS SO SPECIAL ABOUT THE 23 MORATORIUM AREAS IN S. 346?

The 23 moratorium areas possess special values that are of great importance to the people of Southeast Alaska and citizens throughout the United States. Each of the 23 areas was identified because of its importance for either fish and wildlife habitat, subsistence, tourism, or recreation values. Many were identified by rural communities dependent on the area's nontimber resources for economic stability and/or maintaining a traditional way of life. Several of the areas have been proposed by local folks for Wilderness for more than 15 years, and almost all of the areas have been supported for Wilderness for at least ten years now. Each and every area is important and deserves permanent protection by law.

Twelve of the areas have been identified by the Alaska Department of Fish and Game as "Class I" -- recommended for permanent protection from logging and roads because of their high habitat value. A number of our region's top producing salmon streams are included in the moratorium list. These key fisheries have been under repeated attack from Forest Service logging and road building plans as a result of the 4.5 and 50-year contracts. Kadashan, Chuck, Nutkwa, Lisianski and other key river systems are known locally as "million dollar fisheries" because they produce millions of dollars of fish, year in and year out, with little or no public expense. Keeping these critical watersheds intact makes the best long term economic and common sense.

We have already submitted a copy of our "lands protection proposal" for inclusion in the official printed hearing record. Additionally, we are enclosing information compiled on the 23 by the Alaska Dept. of Fish and Game at the request of the House Interior Committee on March 14, 1989. We request that this summary be included in the printed hearing record.

QUESTION 3. IS TERMINATING THE 50-YEAR CONTRACTS REALLY JUST AN EFFORT TO SHUT DOWN THE PULP MILLS?

No. SEACC recognizes that timber harvest is a significant part of our region's overall economy.

S. 346 will simply change the procedure by which government supplies timber to the two pulp mills. Competition in the industry and Forest Service management will benefit immeasurably. Rather than harming the Southeast Alaska timber industry, it will be strengthened in the long run.

Such an action would allow normal management flexibility for land allocations, would promote competitive bidding for all the Tongass timber, and allow protection of key fish and wildlife habitat areas and subsistence resources. The two pulp mills would still be able to buy timber, but they would no longer be allowed to use their long-term contracts to totally dominate other timber operators, the Forest Service, entire communities, and other forest users.

Terminating the 50-year contracts and replacing them with normal short-term competively-bid sales will bring the Tongass out of the dark ages by bringing competition and balanced management to our largest national forest.

QUESTION 4. DO YOU BELIEVE THE GOVERNMENT CAN CANCEL THE 50-YEAR CONTRACTS LEGALLY? WHAT KIND OF DAMAGES WILL WE INCUR?

Yes, we believe the government can legally cancel the contracts.

Government liability for termination is quite limited, as shown in Hedstrom Lumber v. United States, 7 Cl. Ct. 16 (1984). There, where the government consented to be sued for "just compensation" for terminating seven timber sales, the court upheld the government's statutory definition of compensation, limiting it to replacement timber premiums, actual out-of-pocket expenses, and increased haul costs. Breach damages like lost profits were clearly disallowed, since the action was a proper exercise of sovereign authority to protect the rights of the public before private contractors.

QUESTION 5. WHAT IS YOUR ESTIMATE OF THE COST OF COMPENSATION TO THE TWO LONG-TERM CONTRACT HOLDERS IF THE LONG-TERM CONTRACTS ARE TERMINATED?

Under termination, the Congressional Research Service concluded that just compensation, if awarded at all, would range between $21 million and $150 million, with the low figure more likely.

Also it is important to point out that attempting to link the action contemplated in S.346 with the Redwoods "buyout" is inaccurate. The Redwood legislation dealt with condemning and purchasing private property. The Tongass is public property.

SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS, AND FORESTS
SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

ANSWERS TO QUESTIONS FROM THE HONORABLE CONRAD BURNS

QUESTION 1. WOULD YOUR GROUP AGREE TO AN UNDESIGNATION OF EXISTING WILDERNESS IN THE TONGASS TO BE RECONSIDERED IN THE NEW LAND MANAGEMENT PLAN?

No. SEACC believes undesignation of existing Wilderness would simply be an attempt by the two pulp mills to exchange the tiny amount of high volume old growth currently in Wilderness in return for protecting another important area. It is the high volume old-growth that is the highest value fish and wildlife habitat.

It should be noted that three-quarters of the Tongass designated Wilderness is rock, ice, tundra, or scrub timber. Less than 1.5% (a mere 80,000 acres) of designated Tongass Wilderness is considered to be commercially important timber (over 20,000 board feet/acre) that meets the agency's criteria for timber harvest.

Only 30% of the high value fish and wildlife habitat on the Tongass (identified by the Forest Service) is currently permanently protected as Wilderness. Many of the unprotected high value fish and wildlife areas in the Tongass that should have been granted permanent protection in 1980 should now be granted protection by law.

QUESTION 2. HOW MUCH TOTAL WILDERNESS DOES YOUR ORGANIZATION ULTIMATELY WANT FROM THE TONGASS NF?

The existing 5.376 million acres of Tongass Wilderness would be increased by 1.8 million acres (as proposed in H.R. 987) for a total of 7.17 million acres. Currently 32% of the Tongass is designated as Wilderness. Twelve national forests have a higher percentage of the forest acres in Wilderness than the Tongass. If all 23 areas were designated as Wilderness the new percentage would be 42.9% of the Tongass National Forest. The Tongass would then rank as number five in the National Forest System.

If all 23 areas were granted Wilderness status, only 49,000 acres of additional "commercially important timber" would be off-limits to logging and roads. This would reduce the scheduled timber supply by only 11% (48.68 mmbf) annually, leaving an average timber supply of 401 mmbf per year. Since passage of ANILCA, the average actual harvest has been 285 mmbf/year, with the highest actual harvest 340 mmbf in 1981. (These figures are for net sawlog volume, which is the volume used for computing the 450 timber supply goal.)

QUESTION 3. HOW MUCH ANNUAL SALE QUANTITY WOULD YOUR ORGANIZATION SUPPORT OFF THE TONGASS NF?

First, we must make it clear that we believe an allowable sale quantity should be set only through the planning process, NOT dictated by legislation.

As noted above, if all 23 areas were protected as Wilderness, 401 million board feet per year (or just over 4 billion board feet per decade) would still be scheduled for harvest under the current Tongass Land Plan. In 1988, a very good year according to the two pulp mills, the actual harvest was 332 mmbf (APC was quoted in newspaper articles as operating at capacity).

Provided that intensive management funds are appropriated as needed to access low-volume/marginal timber as called for under the current Tongass Plan, SEACC could support offering 340-400 million board feet per year. It is also quite possible that the Revision, after reviewing new data as well as public comments, will propose making additional lands, which have been temporarily protected under the original Plan, available for clearcutting and roading.

SOCIETY OF AMERICAN FORESTERS

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April 3, 1989

The Honorable Dale Bumpers
Committee on Energy and Natural Resources
United States Senate
Washington, DC 20515-6150

Dear Senator Bumpers:

Thank you for allowing the Society of American Foresters to present our views on the Tongass National Forest. As you are well aware, the Tongass contains some of the most valuable commodity and non-commodity resources in the country. In order to make equitable decisions, the Society encourages Congress will complement philosophical positioning with technical information that balances local needs with national objectives.

The Society does not advocate one land use over another, but believes that forest resources should be managed in accordance with landowner objectives and in a manner that will perpetuate those resource in the future. Wilderness designation, long-term contracts, and multiple-use designations are all viable management options to serve different priorities. The Society has not stated that the Tongass should be managed for multiple-use, but that if it is, the spirit of the Act should be followed.

The Society believes the Forest Service can balance the various resources of the forest given the timber supply demands of the long-term contracts, although balance is in the eye of the beholder. In this regard, the Multiple Use-Sustained Yield Act (1960) does not dictate balance of uses, but the interrelationship of uses. If one argues that high volume (>50mbf/acre) old growth comprise the only valuable stands for wildlife, aesthetics, recreation, water quality, and subsistence, then the current balance - 9% high volume old growth protected and 91% medium to low volume old growth available for harvest - may be questionable. 54.3% of this high volume old growth is scheduled for harvest over the length of the rotation. However, 28% and 37% of medium and low volume classes respectively are preserved. In total, 36% of the timber base is in wilderness and 64% is available for harvest.

Right or wrong, these land-use classifications were political compromises. The 4.5 bbf harvest level, spurred by the long-term contracts in question, was determined to be biologically defensible according to the 1978 Tongass Land Management Plan analysis. Though impacts on other uses were predicted, conversion and appropriate management of second growth stands can maintain other forest uses. Moreover, there will always be tradeoffs between wildlife and timber, dispersed recreation and motorized recreation, aesthetics and development, etc. Data being collected and analyzed for the revised Tongass Land Management Plan should give resource managers and policy makers more solid information on these tradeoffs. Adjustments to current policies can then be made within a new set of philosophical values representing the wishes of the nation in the late 1980s.

Should the long-term sustained yield analysis and its impacts on other uses prove damaging, the Society would agree that there are inconsistencies between the long-term contracts and multiple use. Again, this question, along with many others, is exactly the type the land management planning process should answer. At this time we do not have a position on the long-term contracts.

With regard to your second question, the Society believes multiple-use is being technically practiced in a fair and equatable manner in accordance with the policy objectives mandated by Congress in 1980. Given the philosophical and economic values of the forest, all interests will argue for a larger piece of the pie.

We encourage Congress to allow the planning process to help answer some of the questions you face. It is a difficult task, but allowing resource managers to work out mandates is both beneficial for the resource as well as the public participation process. Please feel free to contact me with any questions you may have.

Sincerely,

William H. Banzhaf

William H. Banzhaf
Executive Vice President

WHB:cs

ANSWERS FROM DAVE ANDERSON, ALASKA DEPARTMENT OF FISH AND GAME

Questions Submitted by Senator Dale Bumpers

Question 1 **Why is high volume old-growth forest in the Tongass so valuable for wildlife habitat and fisheries?**

High-volume old-growth forest includes stands with greater than 30,000 board feet per acre (net inventory volume). These occur on lower elevation slopes and valley bottoms on productive well-drained soils. Trees on these sites are predominantly western hemlock and Sitka spruce, some of which exceed 200 ft in height and over 8 ft in diameter. These are the most productive areas on the forest and represent only 4% of the entire Tongass land base.

Just as farm and ranch lands are established in the most productive regions of the country, the highest density wildlife populations also occur on the most productive lands. In southeastern Alaska, the most important, or critical winter habitat, for the Sitka black-tailed deer is high-volume old-growth forest, specifically hemlock-dominated stands on well-drained slopes.

For example, in the deep snow winter of 1982, 65% of the relocations of radio-collared deer on Admiralty Island occurred in high-volume old-growth even though that habitat made up only 8% of the study area (see Table 3, p. 28 of Attachment A). The strong preference deer exhibited for this relatively rare habitat type was in response to areas which had the least amount of snow and the most available food. The broken, multi-layered canopy of old-growth stands allows for the penetration of sufficient sunlight to promote the growth of an abundant understory of forest-floor plants (food for deer). The tall, large-limbed canopy of high-volume old-growth intercepts the greatest amount of snow of any habitat type on the Tongass (see abstract, Attachment B). It is in these stands that winter food for deer is most available because the least amount of snow accumulates on the forest floor. "Selection of high-volume old-growth stands for clearcut logging can be expected to disproportionately affect deer populations in areas subject to periodic, deep snows" (see p. 32, Attachment B).

High volume old-growth is also important habitat for brown bears. This is particularly true of the rare riparian spruce stands that border anadromous salmon streams. Based on Department studies, over 50% of the summer habitat use of radio-collared, coastal brown bears on Admiralty and Chichagof Islands occurs in the high-volume riparian spruce forest even though that habitat represents only about 5% of the area under study. This habitat has been designated the highest value habitat type in the draft ADF&G-USFS Interagency Brown Bear Habitat Capability Model.

High-volume riparian old-growth borders many of the most productive salmon streams in the region. Though the long-term effects of logging old-growth on fisheries production is still uncertain, the risk of perterbation of the ecosystem is high.

In general, the most productive lands produce the highest value timber products as well as the most abundant wildlife and fish populations. By concentrating timber harvesting in these areas, we can anticipate a disproportionate impact on wildlife populations inhabiting those lands.

Please find attached (C & D) two technical review papers on the relationships of old-growth to fish and wildlife populations in southeastern Alaska.

Question 2 Once logged, how long would it take for an old-growth stand to regenerate?

It will take several centuries for a logged area to again achieve the ecological characteristics of old-growth (see Attachments E pp. 535-538 and F). Old-growth forests are steady-state forests where the death of old trees is balanced by the growth of young trees. In southeastern Alaska, old-growth forests have persisted over many centuries in the absence of widespread catastrophic disturbances such as wildfires. Trees of all ages occur in old-growth with dominant trees usually in excess of 250 to 300 years of age. The oldest trees exceed 800 to 900 years.

Alaback (Attachment F) provides a description of forest succession in southeastern Alaska. Following clearcutting, herbs and shrubs quickly dominate the site. Conifers begin replacing these plants in about 20 years, and by 25 to 30 years most clearcut sites are completely dominated by a dense growth of young, even-aged conifers. This second-growth forest remains a dense, dark environment with little forest floor vegetation, and is of low value to most wildlife species for over a century. Though the timing of the eventual breakup of the even-aged forest and development of old-growth characteristics varies from site to site, most ecologists consider that it takes 200 to 300 years for a stand to develop the ecological conditions characteristic of old-growth. This is 100 to 200 years after the normal rotation age when most stands are scheduled to be harvested again. The result is a significant and permanent (in a practical sense) reduction in biological diversity.

Question 3

The Forest Service says they are not "high-grading" the Tongass. Are high volume stands on the Tongass being cut at a rate disproportionate to occurrence?

High-grading as used here refers to the disproportionate (to occurrence) harvest of the highest-volume stands on the Tongass. Data I presented in my oral and written testimony focused on this very problem. I am attaching a letter I wrote over 1 year ago to the Regional Director of Fish and Wildlife for the Forest Service on the high-grading issue. I believe it addresses the relevant points.

Since that letter was written the Forest Service's Environmental Impact Statement for the 1989-94 LPK 5-year timber plan was issued with an analysis of how deer habitat capability changed from 1954 to the present. That analysis assumed that all the acres logged during that time period came from the 2 highest volume classes (30 MBF/acre) and above) -- an assumption entirely consistent with the high-grading charge. Furthermore, analysis of harvest volume/acre for the time period 1980-86 shows a mean harvest of 54 MBF/acre -- higher than for any comparable period in the past. This analysis has been reviewed by the Forest Service.

I should point out that high-grading concerns are most acute with regard to volume class 7 stands (50+ MBF/acre). These represent the highest-volume stands, and the rarest stands on the Tongass (89.3 thousand acres, according to more recent Forest Service estimates). Sadly, the future disposition of these stands will not be tracked after 1990. The Forest Service intends to lump what's left of these high-volume stands together with the next lower volume class for the TLMP revision.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF FISH AND GAME

SOUTHEAST REGIONAL OFFICE

P O BOX 20
DOUGLAS ALASKA 99824-0020
PHONE (907)

Mr. Phil Janik
Director, Wildlife and Fisheries
USDA Forest Service - R10
P.O. Box 21628
Juneau, AK. 99802

4 April 1988

Dear Phil:

A letter of 3 March from Walt Sheridan of the U.S. Forest Service to Richard Agnew, Minority Counsel in the U.S. House of Representatives, has recently been called to my attention. In that letter, Mr. Sheridan dismisses allegations of "high-grading" on the Tongass as having no basis in fact. While it is neither my responsibility nor my intent to take issue with Mr. Sheridan's conclusions about forest management economics and silviculture, I am deeply concerned about what appears to be a lack of recognition of the value of high-volume old-growth forest for purposes other than wood fiber production. Because I believe you will share my concern, I have chosen to comment to you for the record.

Mr. Sheridan is certainly correct that allegations of "high-grading" have been made in the sense of a disproportionate harvest of high-volume old growth. In fact, it is the Alaska Department of Fish and Game's official position that such "high-grading" has occurred, and does carry serious ecological consequences for wildlife. Because Mr. Sheridan's discussion appears to be an attempt to resolve this issue in the minds of decision-makers, it seems important that we again state the basis for our concern.

Forest Service records clearly show that high-volume (> 30,000 bf/acre) old-growth stands have, and continue to be, cut at a greatly disproportionate rate relative to occurrence. The Forest Service acknowledges this is happening, but apparently objects to labeling it "high-grading". In his letter, Mr. Sheridan volunteers an alternate (and more correct in timber management circles) definition of high-grading (selective harvest of the better quality *trees* from a stand), and then proceeds to explain why, for silvicultural reasons, the agency does not endorse this type of timber management. As the Forest Service must certainly recognize, the selective harvest of individual trees from a stand is not at issue here. While such an approach may be relatively compatible with wildlife and fisheries values, we recognize it is not the most efficient way to grow new trees, nor would it be able to provide the volume of wood needed by the two pulp mills. Regardless of what it's called, the real issue is the disproportionate rate at which high-volume old growth *stands* have been (and continue to be) clearcut.

Mr. Sheridan correctly points out that the highest-volume stands grow on the best sites which are usually located at low elevations, along the base of hills, and in riparian corridors. Because trees grow best in these areas, it may make sense from a silvicultural perspective to cut them and get them into production early in the rotation. However, as you know, the Forest Service has obligations *beyond* producing wood fiber, such as maintaining ecological diversity, providing habitat for fish and wildlife, and providing subsistence and recreation opportunities on the forest. Those same high-volume old-growth stands, by virtue of their location and their characteristics, constitute some of the most valuable fish and wildlife habitat on the Tongass. To view the remaining high-volume stands as only good producers of wood-fiber reveals an apparent bias in Forest Service management philosophy; to justify logging them on that basis is to ignore their significant ecological values.

Mr. Sheridan's assertion that silvicultural practices used on the Tongass are actually increasing rather than decreasing high-volume stands warrants comment. While second generation regrowth stands may produce more wood fiber/acre than the old growth before them, that argument presupposes that the entire concern is over wood-volume *per se*. Rather, the composition, structure, and function of high-volume *old-growth* stands make them important as wildlife habitat. Second-growth stands, regardless of wood volume, have extremely low wildlife habitat value. Once old growth is clearcut (put into rotation), those important ecological values are, for all practical purposes, permanently lost.

High-volume old growth is exceedingly rare on the Tongass Forest. By conservative estimates, over half of the highest volume stands on the Tongass (those with over 50,000 board feet per acre) were logged between 1950 and 1978 *prior* to development of the Tongass Land Management Plan (TLMP). By 1979, according to TLMP, there were less than 100,000 acres of this type remaining forestwide (about 0.5 % of the total landbase). While a moratorium on further cutting of these rare stands might ecologically seem in order, TLMP instead scheduled *half* of the remaining acres in this volume class for clearcutting in the next 40 years. Whether this management direction constitutes high-grading or not, the situation clearly warrants our mutual concern.

A comparison of actual harvest levels against what TLMP scheduled does not allay our concerns about high-grading. It is the harvest schedule itself, not a failure to abide by it, that is responsible for the rapid depletion of the remaining highest-volume stands. Furthermore, comparisons with the TLMP schedule, and the 1978 land/timber type database leave unaddressed the significant loss of these high-value stands *prior* to TLMP. Notwithstanding the high levels of past, present and future harvest in high-volume stands, departures from TLMP scheduling in favor of even more high-volume harvest (to improve sale economics) have been routinely considered and approved. TLMP targets were *not* exceeded during those years primarily because of low market demand.

Mr. Sheridan acknowledges that high-volume old-growth stands are being disproportionately harvested from the forest. Although the reasons given are all valid (better regrowth rates, easier access, and improved economics), equally valid reasons argue *against* cutting these stands. Mr Sheridan, if he does indeed recognize those reasons, does not mention them. At best, his letter reveals a narrow view of the forest's values to the public, and the Agency's management responsibilities.

Thank you for reviewing my concerns on this important wildlife habitat issue.

Sincerely,

Dave Anderson
Regional Supervisor, Game Division

cc: Lew Pamplin
Rick Reed
Craig Lindh

Question 4

Do you see a moratorium on logging in some areas as a temporary solution to the problem of maintaining wildlife diversity and abundance.

Yes. A moratorium on logging in high-value wildlife habitat is one component of a solution to the problem of maintaining wildlife diversity and abundance. The extent to which this approach will contribute to the solution will depend upon several factors:

(1) The length of time a moratorium would be in effect. Because of the long time period required for old-growth conditions to develop (several centuries), a brief moratorium followed by logging would have negligible value for wildlife, except that it would buy time for a more lasting solution to be found.

(2) The extent to which the areas selected are representative of important wildlife habitat throughout the forest. Considerable variation in climate, plant community structure and composition, and other important habitat variables exists from north to south and east to west across the forest. Therefore, to be effective, any system of temporary or permanent withdrawals will need to represent these differences.

(3) The extent to which areas protected from logging are large enough to accommodate viable populations of wildlife. Large, long-lived, mammals such as brown bears require extensive areas of land where development and human activity are minimal if viable populations are to persist over the long-term. For brown bears minimum viable population size is in the hundreds. Smaller populations will run a higher risk of eventual extinction.

Additionally, while protecting key habitat from logging is a priority in finding a solution to the problem of diversity and abundance, it is not enough, particularly where large mobile species are involved. By way of analogy, establishment of a clean air reserve will not protect the atmosphere "at large" from pollution. In addition to a moratorium in, or withdrawal of, key areas, routine provisions for wildlife need to be incorporated in management prescriptions where timber is the priority. These prescriptions need to be designed to minimize habitat fragmentation.

Finally, with the exception of Admiralty Island, the existing wilderness system does not adequately represent critical wildlife habitat due to the scarcity of high-volume old-growth stands in those wilderness areas. For example, only 68,496 acres of commercial forest land within the wilderness system excluding Admiralty Island are in volume classes six and seven (greater than 30,000 board feet per acre). That represents 7.5% of the wilderness land base, excluding Admiralty Island.

Question 5 Do roads associated with timber cutting on the Tongass pose any significant threats to wildlife?

Historically, much of southeastern Alaska, excluding the marine shorelines, has been inaccessible to most humans. This situation has changed significantly in the last three decades as logging roads have penetrated the interior of many of the region's islands. As a result of increased human access, populations of some wildlife species (e.g., marten, deer, bear) have been exposed to much higher harvest pressures.

On the 400 mi^2 peninsula of northeastern Chichagof Island, for example, about 150 mi of logging roads have been built in the last decade and over 400 mi of roads are scheduled to be completed over the life of the timber sale. The total kill of brown bears on this portion of Chichagof Island has increased substantially in recent years. From 1961 through 1979, the mean annual harvest of brown bears in this area was 5.5. Since 1980, during which time most road building and logging has occurred, the mean annual harvest has more than doubled (11.8). From 1985 through 1988, the total harvest was 13, 15, 23, and 19, respectively. The hunting season for brown bears on northeastern Chichagof Island was closed by emergency order of the Alaska Dept. of Fish and Game on 30 September 1988. During that year, 6 of the kills were in defense of life or property. Even in the absence of legal hunting, many bears will likely be killed in future control actions around camps or communities, or by deer hunters scattered over the area's extensive road system. Additionally, an unknown number of bears will be killed by poaching. Only legal hunting can be managed, and it is now being managed very conservatively.

Considering the amount of roading and habitat change scheduled for northeastern Chichagof Island in the future, the long-term viability of this small (approximately 125 bears) relatively isolated population is in question. There are very few areas of the peninsula where an individual bear's home range will not be penetrated by a road. Thus the opportunity for human-bear interaction will be substantially increased. For the brown/grizzly bear, increasing interaction with humans has historically jeopardized local populations. Because of this, bear experts have recommended that road development in grizzly bear habitat be avoided or minimized (Attachment G pp. 163, 167).

Question 6 — Are there alternative harvesting regimes which would be less disruptive to fish and wildlife habitat and old-growth ecology than the ones currently practiced?

As described above in the response to Question 3, current harvest schedules place disproportionate emphasis on increasingly rare high-volume old-growth stands. A much more ecologically sound strategy would be to harvest from volume classes in proportion to their occurrence. For example, if x percent of the CFL in a particular drainage is in volume class A, x percent of the harvest in that drainage would be taken from volume class A. This strategy has the advantage of not disproportionately impacting specific key habitats.

Thinning second growth forests can enhance growth of woody shrubs and tree seedlings (particularly hemlock), but the resulting forage is not as productive or nutritious as that found in old-growth. Also, low-growing evergreen forbs, found in old growth do not respond well to thinning; and these constitute essential food items for deer. Additionally, thinned stands do not intercept snow well because of the relatively simple canopy. If slash is not removed, mobility is also a problem for deer. In short, thinning does not hold a great deal of promise as an alternative. According to Dr. Paul Alaback of the U.S. Forest Service Experiment Station in Juneau, uneven-aged management, artificial creation of gaps in the canopy, or maintenance of naturally occurring gaps may hold more promise than traditional approaches such as thinning.

Finally, another far less disruptive alternative would be the selective harvest of individual large trees from a stand. This approach might have merit in high-volume riparian spruce, where individual trees are of great value. Drawbacks to this approach include greatly increased miles of road per unit volume removed, and greatly diminished yield due to the fact that young trees/seedlings are always growing in the shade of the mature canopy.

Question 7

Is a full harvest moratorium necessary on the 23 areas identified in S. 346, or could the Forest Service vary its management practices on those areas to provide increased protection for fish and wildlife while still allowing timber harvesting in these areas?

The 23 areas identified in S. 346 include important wildlife habitat on the Forest. In addition, they capture other values, including scenery, recreation, fisheries, and unique geographical features (see Attachment J). This is not to imply that these 23 areas are the only ones with these properties or that some adjustments or substitutions could not do a satisfactory job of increasing protection for fish and wildlife.

The key, however, to preservation of wildlife diversity and abundance is permanent protection from logging and extensive roading for substantial areas of high-value wildlife habitat. The system of areas so protected must of necessity include commercially valuable high-volume old-growth.

It is certainly true that increased protection (relative to current harvest plans) could be achieved to some degree without a full moratorium on logging. Examples of alternate strategies are discussed in Question 6 above. One example would be single-tree logging of large spruce in riparian zones. However, these options are somewhat impractical economically. In the windy environment of S.E. Alaska, balloon or helicopter logging are also very problematic.

In short, we believe that the extent to which areas such as those named in S. 346 are protected from logging will determine the extent to which many fish and wildlife values are also protected.

Questions Submitted by Senator Conrad Burns

1) Is it the objective of Alaska Fish and Game to maximize populations of all species of wildlife on every acre of the Tongass NF?

No, this is certainly not our objective, nor would it be possible to do so. Our management objectives or goals are based on Alaska's constitutional mandate that its wildlife shall be reserved to the people for common use and shall be utilized and maintained on the sustained-yield principle for the maximum benefit of the people.

In order to maximize benefits to the people, we rely on a comprehensive planning process which is designed to identify measurable population objectives by area. For example, we have established management objectives for about 8 moose populations in the region. These include determining through a public process not only desired population levels (not necessarily maximal), hunter success rates, and allocation schemes. Similarly, deer plans in progress will establish desirable population levels throughout much of the Tongass NF. This information has been requested by the Forest Service for TLMP II. In some areas of the forest where public use of wildlife is low, our objectives will reflect that. Major emphasis is on meeting current and future public desires and demands consistent with habitat capability.

It is clearly impossible to establish meaningful objectives for all species we manage. Therefore, we concentrate on species of highest public interest and value. This is why planning for deer and moose takes precedence over planning for, say, red squirrels. This is not to diminish the importance of other species to the integrity of the forest ecosystem. We also clearly recognize that multiple-use management of the Tongass will require tradeoffs, and that wildlife values will need to be compromised at certain times and places. One of our objectives, however, is to inform the public and decision-makers about those tradeoffs, so that the impact of various forest management scenarios will be understood prior to implementation.

2) What are the effects of logging operations on the Tongass on other species of birds, big game, small game and fish resources?

Old-growth is important habitat for a variety of wildlife species on the Tongass including black-tailed deer, brown bears, black bears, river otter, marten, mountain goats, moose, bald eagles, blue grouse, Vancouver Canada geese, woodpeckers, and a variety of song birds (see summaries in Attachments H and I). Logging old-growth replaces diverse and productive wildlife habitat with a patchwork of young clearcuts and second-growth forests which are less valuable habitat for many of the species listed above. During winters of average to deep snow accumulation, clearcuts fill up with snow and much of the food for herbivores is unavailable. Once a clearcut closes over (at about age 25 years) and is dominated by a dense conifer stand, few green plants survive on the forest floor. These second-growth forests, which persist from about age 25 to over 100 year, are exceptionally poor habitat for most wildlife species.

3) Is the natural old-growth forest the best habitat for all these species described in Question 2? If not, which do not benefit?

Old-growth provides optimal habitat for most of the species described in Question 2 at some time of the year. For example, old-growth is critical winter deer habitat but may not be used substantially during the summer. However, winter is the limiting season for deer. Other species use a variety of habitats over their annual life cycle but old-growth may provide an important habitat during some portion of the year. For example, bald eagles use old-growth nesting habitat. Most nests occur in old-growth trees with an average age of 400-500 years. Brown bears use riparian spruce old-growth along the borders of salmon streams very extensively during late summer and early fall but use other habitats during other times of the year. Biologists consider these spruce riparian stands to be the highest value brown bear habitat in southeastern Alaska. (Refer to summaries of wildlife-old-growth relationships in Attachments H and I).

It is important to note that most research on wildlife-old-growth relationships has been conducted in the last decade. We still have much to learn and there are many species yet to be studied. However, based on current knowledge, it is clear that old-growth is extremely valuable, and perhaps essential habitat, for many of the species for which we have data. Old-growth is a rare and valuable ecosystem, and one that is irreplaceable on short 100 year rotations. From an overall ecological and global biodiversity perspective, it is the old-growth ecosystem within this largest of the earth's temperate rain forests, rather than any individual species, which is of greatest value. In other words, the whole is much more important than the individual parts. Trees can be regenerated over short rotation periods, but the forest, as a complex functioning ecosystem, takes centuries to develop.

4) Do you favor big game species over other species?

As is the rule in other states, the Alaska Division of Wildlife Conservation has three basic funding sources: 1) general funds annually appropriated by the state legislature, 2) Fish and Game Fund monies from the sale of licenses and tags, and 3) federal P-R matching monies derived from the excise tax on firearms and ammunition. So, with the exception of general funds, recreational or sport hunters are paying most of our bills. This has created an historical bias toward favoring management of "game" species, particularly "big game". That bias was reflected in our agency's previous name (Division of Game), which was recently changed to the Division of Wildlife Conservation.

Constituencies for wildlife have changed greatly across the nation in recent years. A growing interest in so-called nonconsumptive uses has emerged. The same is true in Alaska. In response, more emphasis has been placed on "nongame" programs and on opportunities for viewing and photographing a wide range of animals, not just big game. There is also a growing recognition that the management of ecosystems, rather than individual species, is necessary for the conservation of biological diversity and abundance.

Perhaps nowhere else in Alaska is a holistic approach to wildlife management more essential than on the Tongass. Because of the complex interactions among the plants and animals of the old-growth temperate rain forest, major habitat alterations will have serious impacts on all wildlife. although much of our attention will continue to focus on big game and furbearers it will do so with an awareness not only of impacts on the MIS*(management indicator species identified for TLMP II), but with an awareness of the interrelations and interdependencies of all resident species.

* MIS are listed by priority in the attached summary.

Note.--The attachments referred to above have been retained in subcommittee files.

MANAGEMENT INDICATOR SPECIES RECOMMENDED FOR REVISION OF THE TONGASS LAND MANAGEMENT PLAN

Wildlife:	Fish:
-Group A	
•Black Bear	•Coho Salmon
•Brown Bear	•Pink Salmon
•Marten	•Sockeye Salmon[a]
•River Otter	•Cutthroat Trout[a]
•Sitka Black-tailed Deer	•Dolly Varden
•Mountain Goat	
•Vancouver Canada Goose	
•Bald Eagle	
•Hairy Woodpecker	
-Group B	
•Gray Wolf	•Chinook Salmon
•Moose[a]	•Steelhead
•Blue Grouse[a]	
•Red-breasted Sapsucker	
•Brown Creeper	
-Group C	
•Red Squirrel	
•Common Merganser[a]	

[a] Dropped by Tongass National Forest Supervisors

QUESTIONS FOR JERRY FRANKLIN, FOREST SERVICE SCIENTIST

QUESTION 1. Why is high volume old growth forest in the Tongass so valuable for wildlife habitat and fisheries?

QUESTION 2. Once logged, how long would it take for an old growth stand to regenerate?

QUESTION 3. The Forest Service says they are not "high-grading" the Tongass. Are high volume stands on the Tongass being cut at a rate disproportionate to occurrence?

QUESTION 4. Do you see a moratorium on logging in some areas as a temporary solution to the problem of maintaining wildlife diversity and abundance?

QUESTION 5. Do roads associated with timber cutting on the Tongass pose any significant threats to wildlife?

QUESTION 6. Are there alternative harvesting regimes which would be less disruptive to fish and wildlife habitat and old growth ecology than the ones currently practiced?

QUESTION 7. Is a full harvest moratorium necessary on the 23 areas identified in S. 346, or could the Forest Service vary its management practices on those areas to provide increased protection for fish and wildlife while still allowing timber harvesting in these areas?

QUESTION 8. During your testimony before the Subcommittee, you stated that "(o)ur best preliminary estimates by our scientific groups in the Pacific Northwest are that the conversion of old growth forest to managed stands results in small net additions of CO2 to the atmosphere." Could you explain, in some detail, your findings in the area of carbon absorption in old growth versus second growth stands?

SUBCOMMITTEE ON PUBLIC LAND, NATIONAL PARKS, AND FORESTS

ADDITIONAL QUESTIONS TO WITNESSES--TONGASS NATIONAL FOREST
by SEN. CONRAD BURNS

To Jerry Franklin, USFS:

1. Please clarify your contention that 2nd growth forests contribute to the gain of carbon dioxide levels in the atmosphere.

Note.--Mr. Franklin has not yet responded to questions posed to him by the subcommittee.

QUESTIONS FOR DON FINNEY, ALASKA LOGGERS ASSOCIATION

QUESTION 1. Would the pulp mills cease operations if they were required to purchase timber in short-term, competitively bid timber sales?

QUESTION 2. If the long-term contracts were cancelled, what is your estimate of compensation that would be due?

QUESTION 3. Are there currently any alternative markets for Tongass pulp logs besides the pulp mills? Would there be markets if export restrictions were lifted?

Note.--Mr. Finney has not yet responded to questions posed to him by the subcommittee.

APPENDIX II

Additional Material Submitted for the Record

SEACC FOLLOW-UP COMMENTS

on

THE SENATE ENERGY COMMITTEE HEARINGS

THE TONGASS TIMBER REFORM ACT

FEBRUARY 28, 1989

1. Senator Murkowski claimed that 4423 direct jobs were dependent on Tongass timber harvest in 1988.

RESPONSE: The Forest Service reported that only 1781 direct jobs were dependent on Tongass timber harvest in 1988.

2. Senator Stevens claimed that 10,000 direct and indirect jobs were provided by the Southeast Alaska timber industry in 1988.

RESPONSE: In sharp contrast, the Forest Service reported that 5684 direct and indirect jobs were provided by the southeast Alaska timber industry in 1988. This includes direct and indirect jobs from Tongass National Forest cutting harvest, private and Native logging and cutting on State lands. According to the Forest Service, direct and indirect jobs from Tongass logging totalled 3385 jobs in 1988.

3. Senator Murkowski claimed that S.346 would reduce Tongass harvest by one-half.

RESPONSE: If S.346 was passed it would not automatically reduce the Tongass harvest at all. First, under S.346 the Forest Service could still pursue its "added investment" timber program. Chief of the Forest Service Dale Robertson reported to the Senate in 1987 that passing the Tongass Timber Reform Act would mean that "...the added investments that were designed to offset some of the increased costs of bringing more marginal timber into the timber scheduled for harvest would be subject to annual review by the Congress." Second, the 23 key fish and wildlife areas in S.346 are only granted a temporary moratorium. SEACC, the Congressional Budget Office, and the American Forestry Association have noted that a moratorium of this magnitude will not have a significant effect on timber supplies available to the timber industry. Even if all 23 areas were granted permanent protection by law the amount of scheduled timber would only be reduced by 11 percent according to Forest Service reports.

4. Senator Murkowski asserted that S. 346 would reduce the sustained yield capacity of the Tongass forest by 2.27 billion board feet per decade.

RESPONSE: According to Forest Service reports, the sustained yield capacity of the Tongass forest would only be reduced by .49 (less than one-half) billion board feet per decade -- not 2.27 billion.

5. Senator Murkowski stated that his bill (S.237) repeals, "...the requirement that the Forest Service make 4.5 billion board feet of timber available to the dependent industry each decade."

RESPONSE: While the bill removes the former timber supply goal mandate of Section 705, it replaces it with an even more rigid Allowable Sale Quantity requirement for each decade. As George Leonard, Associate Chief of the U.S. Forest Service noted in response to questioning from Senator Wirth, "Yes, we'd be required to supply 4.5...". Murkowski even declared in the hearing that his bill is "...not a mandate to cut. It's a mandate to keep a timber base." The new language in Senator Murkowski's bill is indeed a mandated Allowable Sale Quantity (ASQ) -- the Secretary is "directed"...to... "achieve an Allowable Sale Quantity of 4.5 billion board feet per decade." (The term Allowable Sale Quantity was formerly known as the "allowable cut") ASQ is a term of art from the appropriations process, and the forest planning process established in NFMA, thus the new 4.5 ASQ language of S.237 is actually more inflexible than the original Section 705 of ANILCA. Finally, last year the GAO urged Congress to remove the "rigid per-decade requirement" of ANILCA -- Murkowski's bill not only fails to respond to this concern, but makes matters worse.

6. Senator Murkowski asked witnesses to refute that ANILCA removed 70 percent of harvestable old growth from timber production.

RESPONSE: Of the total old growth commercial forest land in the Tongass, 26 percent is included in Wilderness and 74 percent is in a non-wilderness classification. If all 23 areas in S. 346 were permanently removed from the timber base, the percentage of commercial forest land in Wilderness would be increased from 26 percent to 37 percent.

7. Senator Murkowski asserted that his bill ensures that the Tongass timber program will be managed in the same way timber programs are managed in all other national forests.

RESPONSE: No other national forest has an ASQ written into law.

8. Senator Murkowski stated that S.346 only allows 30 percent of the Tongass to be managed for multiple use.

RESPONSE: Wilderness is recognized by law as a "multiple use". Currently 32 percent of the Tongass is designated as Wilderness. Sixty-eight percent of the Tongass is classified as non-wilderness. The temporary moratorium of S. 346 does not change this allocation whatsoever. Even if all 23 areas became Wilderness, there would be a ten percent increase in the percentage of Wilderness within the Tongass. This would be a change from the existing 32 per cent (5.376 million acres) to 42.9 percent of the Tongass. Today, 12 national forests have a higher percentage of the forest acres in Wilderness than the Tongass. If all 23 areas were protected as Wilderness, the Tongass would still only rank number five in the National Forest system.

9. Senator Murkowski displayed a map showing what he called Tongass National Forest lands off-limits to logging in "perpetuity". He claimed that only 1.75 million acres can ever be managed for timber harvests.

RESPONSE: Mr. Murkowski was including LUD IIs, LUD I release areas, and non-wilderness monument lands, in the lands that are alledgedly "locked up" in perpetuity. The 1.75 million acres that the Forest Service plans for cutting over the next 100 years will be spread out over seven million acres of lands that are currently allocated for timber management and road systems. That's 42 percent of the Tongass, not "just ten percent". There will be a sprawling network of roads (over 3000 miles of new roads) and a vast patchwork of clearcuts throughout the forest. Senator Murkowski didn't mention the 317,000 acres of clearcuts that existed prior to ANILCA. In addition to this 7.3 million acres, the 2.9 million acres of LUD II and LUD I release lands are only temporarily protected by the first Tongass Land Management Plan (TLMP). They will be re-allocated as part of the TLMP Revision. Add to this the non-wilderness monument lands that are open for mining, and logging to support the mining facilities, and other un-allocated areas of the Tongass, and you end up with over 11.3 million acres that are currently available in the future for timber management programs. 11.3 million acres equals 68 percent of the Tongass.

10. Senator Murkowski stated that Senator Wirth's bill expressly stops the current forest planning effort in its tracks and is a bad precedent for national forest planning.

RESPONSE: The really bad precedent is retaining the 4.5 in law -- language which will hand-cuff forest planning efforts in future years. We believe that reform legislation will provide guidance to the agency to continue the TLMP Revision planning effort. The agency will not be forced to start over as Senator Murkowski claimed. All the data base and inventory information work which has been done thus far will be utilized in order to make a better plan.

11. Senator Murkowski stated that one-half of the Tongass commercial forest is good only for pulp.

RESPONSE: The facts show that pulp grade timber can be utilized for other products. Regional Forester Mike Barton (during the 1987 Senate Hearings) stated that "It would be possible to start a new type of industry...." which included "Wafer board or cement board or that sort of thing", with the chips made from the lower grade timber. Add these to the list: plywood, veneer, and dimensional lumber for local building needs.

12. Senator Murkowski asked us to provide the location of areas where we have personally found evidence of alder-choked roads that have made vehicle travel impossible.

RESPONSE: Some examples include Sitkoh Bay, Sitkoh Lake, Kook Lake/Basket Bay, Rodman Bay, Columbia Cove, Fish Bay, Hanus Bay, and North Catherine Island in the northern part of the Tongass. On Prince of Wales Island specific examples include the Harris River, Staney Creek, Maybeso Creek, Eagle

Creek Road near Luck Creek and the area at the head of Twelve-mile Arm. There are undoubtedly many more examples. (We are providing several photos for the record.) An additional problem is caused by serious erosion of roadways. Given the heavy rainfall, roads on steep grades or roads that cross steep side slopes are often rendered useless after six months unless they recieve continual maintainence. An editorial from the Prince of Wales Island News summed it up best "Often we hear that the money the Forest Service spends on roads isn't to subsidize the timber industry, but to provide for multiple use. That sounds like a bunch of bull when you try to drive the roads and find that nothing has been done to maintain them since the last logger hauled out the last load of logs." (For an example of sound multiple use, see the enclosed photo of a campground in a Forest Service clearcut.)

13. Bill Thomas, representing the Klukwan Native Timber Corporation stressed the need to consider the future demand for national forest timber sales from Native corporations after they cut over all their timberlands. The Alaska Loggers Association have termed these corporations "re-entrants" into the Tongass timber industry.

RESPONSE: How can these corporations re-enter the Tongass scene, when virtually none of them have ever logged on Tongass forest lands? The cutting that has occurred on Native timber lands has not been conducted on a multiple use sustained yield basis. The Tongass simply cannot be expected to bear the burden of trying to support the total level of demand caused by unsustainable timber practices. (Please see the enclosed photos of Long Island, which clearly show the heavy-handed cutting practices of Mr. Thomas' corporation.)

14. Senator Murkowski also requested that we provide him with information on how much timber volume would be added to the existing Wilderness if all 23 areas were granted protection by law.

RESPONSE: According to recent Forest Service reports, our proposal includes 250,088 acres of commercial forest land which meet the agency's own criteria for timber harvest. This can be compared to the 1,750,000 acres of commercial forest land that is currently scheduled for timber harvest under the Tongass Land Management Plan (TLMP). Our proposal would reduce the acres of currently scheduled timber harvest volume by 14 percent --- leaving 86 percent of the currently scheduled timber volume available for harvest. If necessary, this reduced volume could be recouped by more intensive management practices, re-allocation of land uses during the TLMP revision, and the utilization of alternate sources of timber -- such as Native pulp logs and other available volume. However, it will probably be unneccessary since the average harvest level has only been 285 million board feet per year since 1980, and the highest level since ANILCA has only been 340 million board feet per year. These numbers are based on net sawlog volume, the same basis used for the 4.5 billion board feet per decade calculation. Estimates that are higher than this include utility logs (defective, cull logs). Such inflated estimates cannot be fairly compared to the 4.5 figure.

In addition, a letter from Senator Murkowski's office has made two statements we feel obligated to answer:

15. "S. 237...does not mandate any timber supply goal whatsoever."

RESPONSE: While technically the old mandated supply goal is abandoned by S. 237, it instead mandates a more rigid timber supply direction. Senator Murkowski's bill directs the Forest Service to achieve a timber Allowable Sale Quantity of 4.5 billion board feet per decade. This legislatively mandates a timber supply base. Who needs a goal when the base can never change? Associate Chief of the Forest Service George Leonard acknowledged at the hearing that S. 237 would require the agency to supply 4.5 billion board feet per decade.

16. Senator Murkowski's office went on to say that the new 4.5 timber directive in S.237 "...certainly does not constrain the planning process any more than the 5.5 million acres of Congressionally mandated wilderness."

RESPONSE: No other national forest has ever gotten a timber supply or Allowable Sale Quantity written into law as a result of Wilderness designations. The Alaska delegation claims that this was a special case because of the high percentage of the Tongass that was designated Wilderness, but twelve national forests have a higher percentage of forest land in Wilderness than is found in the Tongass. Furthermore, the vast majority of the Tongass Wilderness is rock, ice, scrub timber, or marginal forestlands; only 80,000 acres of Tongass Wilderness (less than two percent) are considered to be commercially important high volume timber that meets the Forest Service's criteria for harvest.

Congressman Harold Volkmer said the following about the 4.5 and Wilderness after chairing over 20 hours of hearings on the Tongass in 1988:

> "The 4.5 billion board feet per decade, we were told, is insurance for the industry against the designation of further wilderness. But, Congess can, of course, designate additional wilderness, or not do so, based on its own judgement about the needs of the country, so this provision of law does very little and has, until recently, resulted in the Forest Service preparing millions of board feet in timber sales which could not be sold."

We urge you to review the attached side-by-side Murkowski-Stevens/SEACC analysis.

Thank you

Bart Koehler

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[illegible]

March 6, 1989

Tongass National Forest Land Protection Proposal

The Tongass is America's largest National Forest. Nearly 17 million acres, it is the last remaining refuge of old growth rain forest that once extended from California to Alaska. A wild and rugged land, the Tongass supports booming commercial fishing and tourism industries and provides fish and game for a large subsistence economy.

Unfortunately, the Tongass and its renewable resources are being severely damaged by a massive U.S. Forest Service timber program. The rapid cutting of old growth trees is timber mining, not renewable forest management. This program relies on huge federal subsidies that are costing American taxpayers an average of $50 million each year.

Forest Service logging plans for the next 100 years in southeast Alaska will result in the clearcutting of 1.75 million acres; more than 330,000 acres of prime forest land have already been cut. Together, this will impact an area the size of Yellowstone National Park. Over the next ten years alone, the agency plans to build at least 2000 miles of new roads.

Under current law, only 30 percent of high value wildlife areas and only 28 percent of high value fisheries areas are protected from logging and road building with wilderness designation. Logging to date has permanently eliminated over one-half of the most biologically rich, highest volume old growth forest in the Tongass; less than five percent of this kind of forest is currently protected in wilderness.

The Southeast Alaska Conservation Council proposes that 23 areas crucial for fish and wildlife habitat, commercial fishing, tourism and recreation, subsistence hunting and fishing, and scientific research be protected from logging and road building in the 101st Congress through wilderness designation or some other permanent protective status.

[illegible] B • LYNN CANAL CONSERVATION Haines • SITKA [illegible]
ALASKA SOCIETY OF AMERICAN FOREST DWELLERS Point Baker • FRIENDS OF BERNERS BAY Juneau • PELICAN FORESTRY COUNCIL
NARROWS CONSERVATION COALITION Petersburg • FRIENDS OF GLACIER BAY Gustavus • TONGASS CONSERVATION SOCIETY Ketchikan
FALSE ISLAND KOOK LAKE COUNCIL Tenakee Springs • WRANGELL RESOURCE COUNCIL • TAKU CONSERVATION SOCIETY Juneau

Conservation is a state of harmony between men and land. By land is meant all of the things on, over, or in the earth. Harmony with land is like harmony with a friend; you cannot cherish his right hand and chop off his left.

-- Aldo Leopold from A Sand County Almanac.

Forest trees are just like people. They grow up and they get old and they get insects and diseased and they die. We have a lot of dying forests that has to be salvaged. We have fire that kills the forest. We need to harvest the forest and salvage it and reforest it.

-- Dale Robertson, Chief of the Forest Service.

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ANAN CREEK PROPOSAL.

DESCRIPTION: Exceptional fish and wildlife area comprised of several streams and lakes located on Bradfield Canal south of Wrangell. Five species of salmon plus steelhead and dolly varden. Pink salmon fishery of Anan is one of the largest salmon runs in southeast Alaska. Alaska Department of Fish and Game considers it one of the best sport fishing streams in the region. Largest known concentration of black bears in the Tongass with some mainland brown bears. Alaska Department of Fish and Game has closed the area to black bear hunting to protect the population and enhance bear viewing opportunities. Two bear observatories are found along trail system and two public recreation cabins serve this heavily used spot. During TLMP the Forest Service ranked Anan Creek as among the highest value fish and wildlife watersheds with the highest rankings in commercial fishery and primitive recreation value, high wildlife values, and one of the highest wilderness value ratings in the Tongass.

HISTORY: Outstanding stream system. Recommended for "no logging" status by the Alaska Department of Fish and Game in the 1970s. The department "scored" Anan at 195 points out of a possible 200 and also ranked Anan Creek as a Class 1 Area in the 1980s. Proposed by SEACC for wild river status in 1976. Forest Service Research Natural Area proposal in 1988.

LAND STATUS: LUD II. Not in either contract area.

ACREAGE: 38,415 acres.

SCHEDULED TIMBER BASE: 0.

BERNERS BAY / SAWMILL CREEK PROPOSAL.

DESCRIPTION: A major inland bay and glacial valley complex, located on the mainland north of Juneau. Impressive and extensive network of deep glacial rivers, rugged peaks, glaciers, tidal flats, floodplains and bays. A very popular boating destination for Juneau residents. The sloughs and lakes connected to Berners River provide good salmon production, especially for coho. Good commercial fishing values and popular sport fishing areas. Moose, brown and black bear, mountain goats.

HISTORY: First proposed for a reserve in 1976 by SEACC. Proposed for protective status by 1400-member Friends of Berners Bay in 1985. Includes an Alaska Department of Fish and Game Class 1 Area. Intense opposition to logging and road building by Juneau residents in 1985-86. United Fishermen of Alaska request for protection in 1988. Forest Service Research Natural Area proposal in 1988 as outstanding example of low elevation river ecosystem. Five year moratorium on logging approved for the area by U.S. House of Representatives in 1988.

LAND STATUS: Not in either 50-year contract area. Most of the lands are LUD II; Sawmill Creek is LUD III and has been proposed for logging and road building by the Forest Service. Pt. Bridget State Park, directly adjacent to the proposed area, established by the Alaska Legislature in 1988.

ACREAGE: 46,147 acres.

SCHEDULED TIMBER BASE: 40,000 board feet per year.

Berners Bay -- a popular recreation destination for Juneau residents.

MT. CALDER - MT. HOLBROOK PROPOSAL.

DESCRIPTION: Located off the northwest coast of Prince of Wales Island. Comprised of a major portion of East Kosciusko Island, the islands in Shakan Bay, and the roadless lands surrounding Mt. Calder on northwest Prince of Wales Island. Highest elevations are found on Mt. Calder (over 3000 feet) which scientists believe may be a glacial refugium with remnants of an ice age flora characteristic of a colder climate than that of contemporary Prince of Wales. Small but rugged mountain core with fringes of forest lands along an irregular coastline. Contains the only known coastal population of subalpine fir. Shipley Bay is valuable for sockeye salmon and an important producer of pink salmon. The entire area is important for subsistence hunting and fishing because it is one of the very last remaining roadless blocks of land in northern Prince of Wales region. Good populations of Sitka black-tail deer and black bear. Increasingly popular for recreation. Highly scenic area dominated by the striking massif of Mt. Calder. Rich Native cultural area.

HISTORY: Shipley Lake and Bay is classified as a Fish and Game Class 1 Area. Protective status supported by local communities of Pt. Baker and Port Protection, Alaskans for Responsible Resource Management, and Sumner Straits Fish and Game Advisory Council. Shipley Lake and Bay supported for protection by United Fishermen of Alaska in 1988. Area encompasses a Research Natural Area proposed by Forest Service in 1988. Five year moratorium on logging approved for the area by U.S. House of Representatives in 1988.

LAND STATUS: LUD IV. In the KPC 50-year contract area. Future status being discussed by the Forest Service with the possibility of deferral of a part of the area from logging. Otherwise, portions of the area could be scheduled for logging and roads as part of the 94-99 Operating Plan, and future KPC operating plans.

ACREAGE: 68,693 acres.

SCHEDULED TIMBER BASE: 4.53 million board feet per year.

CHICHAGOF PROPOSAL.

DESCRIPTION: An extremely beautiful inner island bay and island complex adjacent to existing West Chichagof Wilderness. Includes the lands surrounding Hoonah Sound, the Moore Mountains, the Lisianski River corridor, Idaho Inlet, Port Althrop, Upper Tenakee Inlet and John Muir Portage. Lisianski, Idaho Inlet, the North Arm of Hoonah Sound, and Ushk Bay have expansive tidal flats where brown bear and waterfowl are a common sight. Part of Port Althrop has been classified as a brown bear sanctuary. Very popular for outdoor recreation. Heavily used for subsistence hunting and fishing and has a rich Native heritage. Lisianski River, an excellent example of a floodplain spruce ecosystem that ecologists now believe will not regenerate after logging, is one of the top five pink salmon producers in the region. Commercial fishing harvest value of Lisianski River was valued at $1 million in 1983.

HISTORY: Area was first visited by John Muir in 1880. Portions of the proposed area were requested for wilderness protection by southeast Alaskans in 1967 and included as one of the five wilderness areas proposed in the original H.R. 39 in 1977. Almost half of the current proposal was approved as wilderness by the U.S. House of Representatives in 1978. These critical areas were deleted from the final bill. City of Pelican supports wilderness designation for the Lisianski River corridor which was also proposed by the Forest Service for a Research Natural Area in 1988. City of Tenakee Springs opposes logging and roads for Fat Lady Flats, Long Bay / Seal Bay area, and Muir Portage. Chichagof and Lisianski area recommended as wilderness by Sealaska Corporation in 1987. Lisianski, Upper Hoonah Sound, Deep Bay and Ushk Bay all supported for protection by United Fishermen of Alaska in 1988.

LAND STATUS: In the APC 50-year contract area. Much of the proposed area including Deep Bay, Patterson Bay, and Poison Cove slated for logging activity in the 86-90 APC Operating Plan. Now deferred until May 1989 when the 81-86 & 86-90 Supplemental EIS is scheduled for completion. APC has already requested additional areas including the Lisianski River for the next 91-95 Operating Plan due to be finalized by July 1990, well before the TLMP revision will be completed. All other LUD IIIs and LUD IVs will be scheduled in future operating periods. The Lisianski Corridor is currently temporarily "reserved" from logging due to overwhelming public support for protecting the area from the State of Alaska, City of Pelican and Sitka Fish and Game Advisory Council.

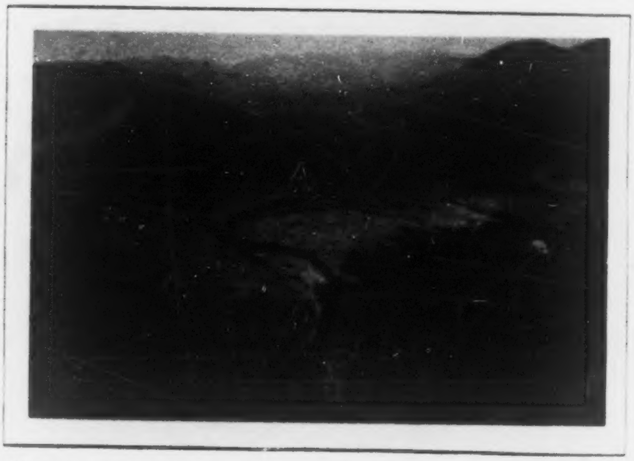
ACREAGE: 347,771 acres.

SCHEDULED TIMBER BASE: 8.11 million board feet per year.

Chichagof: Lisianski River is one of southeast Alaska's top 5 pink salmon streams. Pelican City Council favors wilderness designation ©1987 Robert Glenn Ketchum

Chichagof: Finger River's old growth forests provide winter range for southeast Alaska's third highest density of Sitka black-tail deer ©1987 Robert Glenn Ketchum

Chichagof: **North Hoonah Sound supports rich populations** of brown **bear and waterfowl.**



Chichagof: **Patterson Bay is one of several beautiful bays** and inlets **in the Chichagof proposal.**

CHUCK RIVER PROPOSAL.

DESCRIPTION: An important forested addition to the existing Tracy Arm Wilderness Area, located on the mainland along southeast Alaska's Coast Range. Described by the Forest Service as "...one of the last northern mainland stands of riparian spruce forest along a major river not entered with roads and logging activity." Major features are the Chuck River Valley, Windham Bay and surrounding lands. Elevations range from sea level to 5000 feet along the Tracy Arm Wilderness boundary. A significant producer of four kinds of salmon. Among the highest pink salmon producers in the region, valued at $1 million per year. Good habitat for black bear and mountain goats. A popular destination and stopover for small tour boat operators and recreationists.

HISTORY: First visited by John Muir in 1880. The State of Alaska, the Petersburg Vessel Owners Association and other commercial fishing groups, and environmentalists successfully opposed a Forest Service logging project here in August 1984. Proposed for protection by United Fishermen of Alaska and Sealaska Corporation in 1988. The area has zones with unstable soil conditions which have caused landslides into the upper reaches of Chuck River on Goldbelt Corporation land. Research Natural Area proposal by Forest Service in 1988. Five year moratorium on logging approved for the area by U.S. House of Representatives in 1988.

LAND STATUS: Not in either 50-year contract. The area is LUD III and LUD IV. The very upper reaches of the west branch of the Chuck River are now being logged by Goldbelt Native Corporation. The remainder of the Chuck River / Windham Bay area is slated for Forest Service road building projects in 1990.

ACREAGE: 125,233 acres.

SCHEDULED TIMBER BASE: 3.51 million board feet per year.

Chuck River -- among the top pink salmon producers in the region. Logging of this drainage opposed by the State of Alaska and commercial fishermen.

KADASHAN RIVER PROPOSAL.

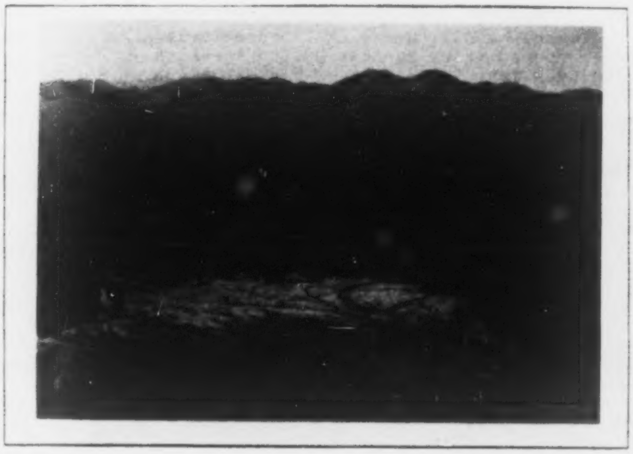
DESCRIPTION: Located on Chichagof Island north of the Moore Mountains on southern Tenakee Inlet. Adjacent to proposed Chichagof area and five miles from City of Tenakee. One of the region's top five producers of pink salmon, one of top ten chum salmon producers, and an important coho salmon stream. Harvest value of commercial fish over $1 million in 1985. One of the highest concentrations of brown bear in southeast Alaska. Abundance of deer dependent upon coastal old growth for winter range. Kadashan has one of the largest grassflat/estuaries in northern Tongass and provides good habitat for waterfowl and shorebirds. Important for subsistence use.

HISTORY: Area first visited by John Muir and his Tlingit guide Kadashan in 1880. Alaska Trollers Association, United Southeast Gillnetters Association, the Southeast Seine Boat Owners and Operators, and SEACC all successfully opposed logging plans for this area in 1980. The City of Tenakee has opposed logging plans for this area since the early 1980s; Tenakee went to court to successfully block road construction in the valley in 1984. The Alaska Department of Fish and Game considers this area to be one of the most valuable stream systems in our region, and designated it as a Class I area -- complete protection requested. Kadashan supported for protection by Sealaska Corporation. United Fisherman of Alaska requested protection of the area in 1988 as a priority fish habitat area. City of Sitka support for protection in 1988. Five year moratorium for area approved by U.S. House of Representatives in 1988.

LAND STATUS: LUD III. In APC 50 year contract area. Currently deferred from logging up until completion of the 81-86/86-90 Supplemental EIS in May of 1989. However, the area has been proposed for logging and roads as part of the APC 91-95 operating plan, which will be completed by July 1990 -- several years prior to the final TLMP Revision.

ACREAGE: 34,204 acres.

SCHEDULED TIMBER BASE: 2.5 million board feet per year.



Tidal flats of the Kadashan River -- this magnificent old growth watershed is home to one of the highest concentrations of brown bears in the world.

KARTA RIVER PROPOSAL.

DESCRIPTION: Famous for its sockeye runs, a good producer of pink salmon, and nationally known for its steelhead populations. Alaska Fish and Game Department considers Karta to be one of the most productive anadromous fish systems on Prince of Wales Island, and the best producer on the eastern side of the island. Very popular recreation area. High subsistence use.

HISTORY: Passed by U.S. House of Representatives as wilderness in 1978. Proposed as wilderness by the Forest Service in 1979. Recognized by Alaska Department of Fish and Game as a Class 1 Area and as one of the best sport fishing streams in southeast Alaska. Recommended by the State for management as a "natural area" in 1961 and as a protected "undeveloped area" in 1972. Recommended for wilderness designation by Sealaska Corporation in 1987. Included in proposed logging ban by the Haida Nation in 1987. Supported as priority fish habitat area for protection by United Fishermen of Alaska in 1988. Proposed by Forest Service as a Research Natural Area in 1988. U.S. House of Representatives approved a five year moratorium on logging this area in 1988.

LAND STATUS: LUD I Release and thus not currently counted in timber base. Located within the KPC 50-year contract area: currently two-thirds of this area have been programmed for timber sales and road building -- to be initiated in 1990 and sold/harvested beginning in 1994.

ACREAGE: 39,886 acres.

SCHEDULED TIMBER BASE: 0.

KEGAN LAKE PROPOSAL.

DESCRIPTION: Adjacent to South Prince of Wales Wilderness. Three large lakes and extensive alpine areas. A popular recreation area for Ketchikan residents. High quality opportunities for fishing and hunting. Very good producer of sockeye salmon.

HISTORY: Alaska Department of Fish and Game Class 1 Area. Logging ban called for by the Haida Nation. Supported for protection as a priority fish habitat area by the United Fishermen of Alaska in 1988. Forest Service Research Natural Area proposal in 1988. Five year moratorium on logging this area voted by U.S. House of Representatives in 1988.

LAND STATUS: LUD II. In KPC 50-year contract area.

ACREAGE: 24,990 acres.

SCHEDULED TIMBER BASE: 0.

NAHA RIVER PROPOSAL.

DESCRIPTION: Small but beautiful forested watershed embracing a chain of small lakes and connecting streams. Very popular recreation area near Ketchikan. Six U.S. Forest Service recreation cabins. High producer of four species of salmon, especially pink and sockeye. Excellent black bear area. Key wintering area for trumpeter swans.

HISTORY: Ranked as one of "Top 4" sport fish streams in southeast Alaska and as a Class 1 Area by the Alaska Department of Fish and Game. Core area proposed for wilderness by SEACC in 1976. Supported for protection as priority fish habitat area by United Fishermen of Alaska in 1988. Five year moratorium on logging voted for this area by U.S. House of Representatives in 1988.

LAND STATUS: LUD II. In KPC 50-year contract area.

ACREAGE: 31,821 acres.

SCHEDULED TIMBER BASE: 0.

Naha River - a scenic chain of small lakes and connecting streams

NUTKWA RIVER PROPOSAL.

DESCRIPTION: Located along the northwestern border of the existing South Prince of Wales Wilderness area east of City of Hydaburg on South Prince of Wales Island. A highly scenic watershed with a shallow salt chuck, surrounded by 2000 to 3000 foot peaks. One of the finest commercial fishing watersheds in southeast Alaska -- valued at $1 million per year. Exceptional pink salmon run and a major producer of sockeye in addition to chum and coho salmon. Important habitat for black bear, Sitka black-tail deer, wolves, furbearers, bald eagles, trumpeter swan and marine mammals. High subsistence use area. Rich cultural and historical values for Haida people. Popular recreation area.

HISTORY: Wilderness designation proposed by the City of Hydaburg in 1988 and by Sealaska Corporation in 1987. Logging ban called for by the Haida Nation. Alaska Department of Fish and Game Class 1 Area, for its superior fish and wildlife values. Supported for protection by United Fishermen of Alaska as a priority fish habitat area. Proposed Research Natural Area by Forest Service in 1988. U.S. House of Representatives voted a five year logging ban for the area in 1988.

LAND STATUS: LUD III and LUD IV. In the KPC 50-year contract area and scheduled for logging in the 94-99 Operating Plan. Current plans call for initiating timber sales in 1989, with cutting beginning in 1994, 1995, and 1996 for a total of 60 million board feet logged and over 25 miles of new roads.

ACREAGE: 52,674 acres.

SCHEDULED TIMBER BASE: 2.83 million board feet per year.

OUTSIDE ISLANDS PROPOSAL.

DESCRIPTION: The group of Noyes, Baker, Lulu, and San Fernando Islands off the west coast of Prince of Wales Island. Highest elevation on Noyes and Baker exceed 2000 feet. A home away from home for many commercial fishermen since the islands are in a major commercial fishing ground that brings in over $16 million per year. Wide variety of ecosystems ranging from muskeg and windswept rocky coastlines, to sheltered forested bays and coves. Marine mammals abundant including sea otters and humpback whales which feed near the islands in the summer. Numerous sea otter colonies. Area is important for subsistence and is becoming increasingly popular as a recreation area for tourism.

HISTORY: Haida Nation has called for a logging ban in the area in 1987. Proposed for wilderness by SEACC in 1976. U.S. Department of Agriculture wilderness study proposal in 1977. Protection requested by Cities of Craig and Klawock in 1988. Growing support for protection from commercial fishing groups and local residents. Five year logging ban approved by U.S. House of Representatives in 1988.

LAND STATUS: Entire area is LUD IV. Within the KPC 50-year contract contingency area. Most of area will be planned for logging and road building after 1990.

ACREAGE: 98,604 acres.

SCHEDULED TIMBER BASE: 3.51 million board feet per year.

The rugged outside coast of Noyes Island looking south on Cape Addington -- Noyes, Lulu, Baker and Fernando Islands make up the Outside Island chain off Prince of Wales Island.

PLEASANT ISLAND / LEMESURIER ISLAND PROPOSAL.

DESCRIPTION: Highly scenic island portals located at the Icy Strait entrance to Glacier Bay. Northern-most extent of good natural deer range. Important deer hunting and subsistence use area for local residents of Gustavus. Valuable scientific area for glacial succession studies.

HISTORY: Nominated by the Forest Service in 1988 for an addition to the existing Glacier Bay Biosphere Reserve in order to further protect its scientific and natural values. Valuable for comparative research with Glacier Bay aquatic ecosystems since Pleasant Island was not affected by glacial advances found in Glacier Bay as little as two centuries ago. Forest Service Research Natural Area proposal in 1988.

LAND STATUS: LUD II. In neither contract area.

ACREAGE: 18,971 acres.

SCHEDULED TIMBER BASE: 0.

POINT ADOLPHUS / MUD BAY PROPOSAL.

DESCRIPTION: Scenic coastal area opposite the entrance to Glacier Bay National Park. Summer concentration area for humpback whales which also utilize the lower portion of Glacier Bay. Popular hunting and fishing area important for subsistence for Hoonah residents. Mud Bay is a valuable waterfowl area with extensive tidal meadows and good commercial fisheries.

HISTORY: Mud Bay was proposed for wilderness by SEACC in 1976 and for special management by the Senate Energy Committee in 1979. Point Adolphus has been a popular recreation spot for many years, particularly for whale watching.

LAND STATUS: LUD III and LUD IV. In the APC contract area. Much of the area will be proposed for logging in the APC Supplemental EIS due in May 1989.

ACREAGE: 73,524 acres

SCHEDULED TIMBER BASE: 4.09 million board feet per year.

PORT HOUGHTON / SANBORN CANAL PROPOSAL.

DESCRIPTION: Adjacent to proposed Chuck River area on southeast Alaska mainland. Highly scenic estuary and bay system, important for waterfowl. Popular recreation area for residents of Petersburg. Sanborn Creek contains all five species of salmon including one of the better pink salmon runs in the region.

HISTORY: Sanborn Canal ranked by Forest Service as highest commercial fishing value in TLMP. Forest Service rated Port Houghton in TLMP as having one of highest wilderness values and high recreation values.

LAND STATUS: LUD III and IV. Neither contract area. Has been proposed for independent timber sales.

ACREAGE: 58,915 acres.

SCHEDULED TIMBER BASE: 1.27 million board feet per year.

ROCKY PASS PROPOSAL.

DESCRIPTION: Scenic area adjacent to a narrow waterway separating Kupreanof Island from Kuiu Island, approximately 30 miles from Petersburg and 10 miles from Kake. A key resting, feeding, and nesting area for waterfowl on a major international migration route. Timbered shoreline fringe provides significant deer winter range. Described by House Interior Committee Report as "...formed by a narrow, rock-studded, scenic channel....The whole natural system with its numerous bays, streams, and tidal flats is protected within the boundary. The streams provide important habitat for pink, chum, coho, and sockeye salmon. In addition, cutthroat, steelhead, and Dolly Varden provide sport fishing in many of the streams."

HISTORY: Voted by U.S. House of Representatives to be made wilderness in 1978. Recommended by Forest Service for non-logging status in TLMP in 1979. Continued roadless status requested by Sumner Straits Fish and Game Advisory Committee in 1986. Requested for protection by town of Point Baker.

LAND STATUS: LUD II. Currently not counted in timber base. One-half of the area is in the APC contingency contract area. Status to be re-evaluated during TLMP revision.

ACREAGE: 76,368 acres.

SCHEDULED TIMBER BASE: 0.

SARKAR LAKES PROPOSAL.

DESCRIPTION: Characterized by low forested hills and muskeg. Highly scenic area of three major lakes connected by smaller bodies of water. Trout and salmon abound in this area. one of only 60 streams supporting a sockeye salmon run, which is important for commercial fishing and subsistence use. The sockeye run is monitored by the Alaska Department of Fish and Game for the U.S.-Canada salmon treaty. Very high producer of pink salmon in addition to cutthroat trout and dolly varden. Popular for recreation; a canoe trail is planned for the area. Good populations of deer, black bear, trumpeter swans and wolves.

HISTORY: Rated as one of "Top 4" sport fishing streams in southeast Alaska. Recognized as a Class 1 Area by the Alaska Department of Fish and Game. Proposed for wilderness in 1976 by SEACC. Forest Service Research Natural Area proposal in 1988. Included in five year logging moratorium approved by U.S. House of Representatives in 1988.

LAND STATUS: LUD II. In KPC 50-year contract area.

ACREAGE: 25,650 acres.

SCHEDULED TIMBER BASE: 0.

SOUTH ETOLIN ISLAND PROPOSAL.

DESCRIPTION: East of Prince of Wales Island, about 10 miles southwest of the town of Wrangell. Variety of landscapes from grassy estuaries to alpine peaks. Includes an old growth forest originating from a forest fire 300 years ago; fires are exceedingly rare on the Tongass. Features relatively scarce red cedar-western hemlock stands. Heavily used for wilderness recreation by Wrangell residents. Cutthroat and rainbow trout, steelhead and Dolly Varden provide sport fishing opportunities in the numerous streams and lakes. Good anchorages. Most of the best fisheries on Etolin Island are found in the proposed area. Big game species include black bear, wolf, and deer.

HISTORY: Included in 1978 H.R. 39 wilderness designation as reported out of subcommittee. Originally proposed for wilderness to the Forest Service by the Wrangell Commercial Fishermen's Association. Recommended for wilderness designation by Forest Service in 1979 and ranked among the highest for commercial and sport fish values, wilderness values, ecological diversity, primitive recreation and estuarine sensitivity. 1988 Research Natural Area proposal by Forest Service. Five year logging ban approved by U.S. House of Representatives in 1988.

LAND STATUS: LUD I Release. Status to be evaluated in TLMP revision. Not in either 50-year contract area.

ACREAGE: 83,642 acres.

SCHEDULED TIMBER BASE: 0.

SOUTH KUIU ISLAND PROPOSAL.

DESCRIPTION: Roadless complex of lands located on central, east and south Kuiu Island adjacent to existing Tebenkof Wilderness area. Extensive coastline with numerous coves, bays, canals, and mountain peaks over 2000 feet. Main features include Bay of Pillars, Salt Lagoon, No Name Bay, Conclusion Island, Sumner Island, Alvin Bay, Reid Bay, Port Beauclerc, Affleck Canal, Seclusion Harbor, Kell Bay, Port McArthur and Port Malmsbury. Great variety of landscape and coastline, plus valuable estuaries. Mixed forest and muskeg ecosystems. Important area for waterfowl, black bear, furbearers, sea lions, and sea otters. Collectively, the numerous small streams emptying into the bays produce an important commercial fishing resource. Bear Harbor Creek a good producer of pink salmon. Bay of Pillars, directly north of the existing Tebenkof Wilderness, features two very good salmon streams including one sockeye run. A popular recreation area with many good anchorages.

HISTORY: As a part of the draft TLMP during the late 1970s the USFS interdisciplinary team (IDT) recommended roadless (LUD II) management status for the southern half of the proposal. Town of Pt. Baker requested permanent protection of this area in 1988. Sumner Straits Fish and Game Advisory Committee called for no logging in 1986. Parts of the proposed area including Seclusion Harbor and Bear Harbor supported for protection by United Fishermen of Alaska as priority fish habitat areas. Five year logging ban for the area voted by U.S. House of Representatives in 1988.

LAND STATUS: Lands are LUD III and LUD IV with the exception of Bay of Pillars, which is currently a LUD II. Located totally within APC 50-year contract contingency area. Much of the area was proposed for logging and road building in the APC 81-86 Operating Plan and also in the 86-90 Operating Plan. VCUs 416-418 have been deferred until completion of the 81-86/86-90 Supplemental EIS in May 1989. Roads currently being built in VCUs 420 and 419. Log dump proposed for No Name Bay. All under administrative appeal. Bay of Pillars has been proposed for logging by APC in their 91-95 operating plan, which will be finalized in July 1990 -- well before completion of the TLMP Revision.

ACREAGE: 191,565 acres.

SCHEDULED TIMBER BASE: 7.55 million board feet per year.

Kayaking off South Kuiu Island -- a richly forested area popular for recreation and subsistence.

SULLIVAN ISLAND PROPOSAL.

DESCRIPTION: Largest island located in northern Lynn Canal south of Haines. A popular recreation area for local residents in close proximity to the southern reaches of Chilkat State Park. Only nearby source of subsistence deer for towns of Haines and Skagway. Backdrop for major tourships and ferry route.

LAND STATUS: LUD III in neither contract area. Portions of the island proposed for commercial timber harvest in 1990s.

ACREAGE: 4,032 acres.

SCHEDULED TIMBER BASE: 35,000 board feet per year.

TRAP BAY PROPOSAL.

DESCRIPTION: A small, exceptionally beautiful bay located on the southeast shore of Tenakee Inlet approximately eight miles from the City of Tenakee Springs. Features a wide, level grassland tidal meadow abounding with wild flowers and wildlife. River flats are protected by semi-circular hills that form the foreground for craggy Snyder Mountain, a 3900 foot bare granite precipice that towers above surrounding mountains. The dark forests and sunlit meadows form a stunning miniature of the beauty of the Tongass. Used heavily by brown bear and Sitka black-tail deer, furbearers and bald eagles. Small salmon streams bisect the watershed providing habitat for coho, dolly varden and cut-throat trout. An important subsistence and recreation area for residents of Tenakee. The coastline of the area is a feeding area for humpback whales.

HISTORY: City of Tenakee Springs has protested logging plans in area since mid-1980s. City has proposed area for state of Alaska Marine Park designation. Forest Service proposal for Research Natural Area in 1988. Hydrologic and fisheries research conducted by Forest Service in area for past decade. U.S. House of Representatives approved a logging and road building moratorium for five years in 1988.

LAND STATUS: LUD IV. In APC 50-year contract area. Slated for cutting and road building under the 81-86 and 86-90 APC Operating Plans, but deferred until completion of the 81-86/86-90 Supplemental EIS in May of 1989 -- years before completion of TLMP revision.

ACREAGE: 6,667 acres.

SCHEDULED TIMBER BASE: 650,000 board feet per year.

WEST DUNCAN CANAL PROPOSAL.

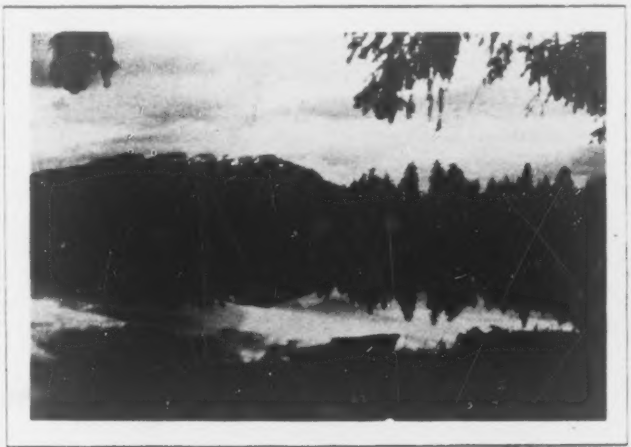
DESCRIPTION: Inner island coastal area located on Kupreanof Island. Elevation climbs to over 2000 feet near Towers Arm. Castle River and Towers Arm are the major attractions, as well as Kah Sheets Lake which is an important sockeye fishery. Good commercial fishing values, high values for sport fishing. Important waterfowl resting and feeding ground for migratory birds. Good habitat for black bear and deer. Highly scenic and very popular recreation area. Over 20 anadromous fish streams flow into the Canal. The Canal is a noted producer of shrimp.

HISTORY: The bulk of the area was included in H.R 39 for special management status in both the House and Senate in 1979. The Alaska Department of Fish and Game has classified the Castle River watershed as Class I area. Recommended for wilderness status by SEACC in 1976. Forest Service proposed area for Research Natural Area in 1988. Five year logging ban voted by U.S. House of Representatives in 1988.

LAND STATUS: LUD III and IV. Not within either 50-year contract area. Timber sale planned to begin on Woewodski Island and proposed for the headwaters of the Castle River and adjacent lands beginning in 1991.

ACREAGE: 134,680 acres.

SCHEDULED TIMBER BASE: 4.64 million board feet per year.



West Duncan Canal -- important resting and feeding area for migratory waterfowl.

YAKUTAT FORELANDS PROPOSAL.

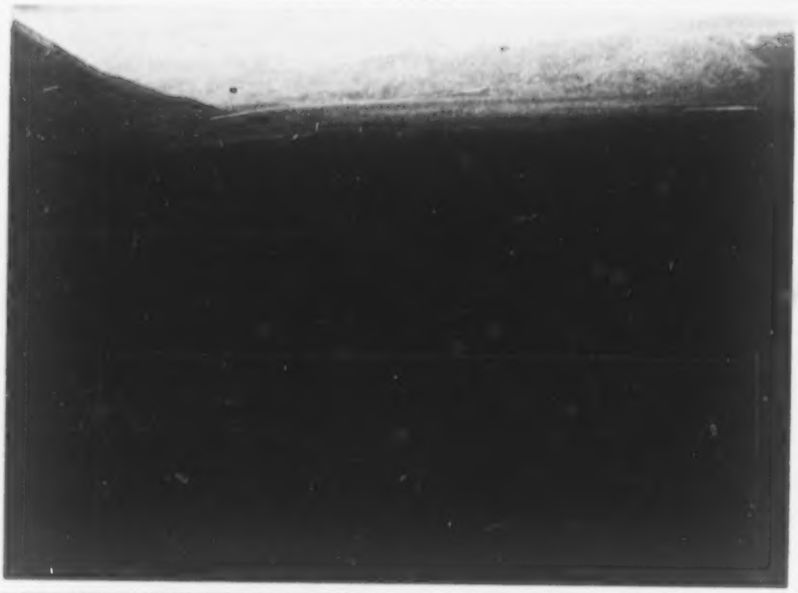
DESCRIPTION: Located on mainland east of City of Yakutat between Glacier Bay National Park Preserve, Wrangell-St. Elias National Park Preserve and Russell Fjord Wilderness Area. A low slope coastal plain which is still uplifting, backed by spectacularly rugged coastal mountains. Numerous major river systems from the mountains to the Gulf of Alaska critically important for fish spawning runs. The most diverse ecosystem in the Tongass, including: extensive sandy beaches along the sea; dune ridges still being built by the Pacific ocean; muskeg, dune and swale ecosystems; raised moraines forested with western and mountain hemlock, sitka spruce and lodgepole pine; and rock wall mountains. Many glacial lakes, glaciers and ice fields. Very important area for commercial fishing and subsistence use. Moose, brown and black bear (including the rare glacial "blue bear" phase), and mountain goat habitat as well as for geese, trumpeter swans and sandhill cranes. Very popular for outdoor recreation.

HISTORY: Included as one of five areas proposed for wilderness in the original H.R. 39. The TLMP in 1979 recognized the area as the single most diverse and productive fish, wildlife, and waterfowl area in the Tongass. The salmon streams, including the Italio, Akwe, and Ustay-Tanis River systems, are highly productive commercial fisheries -- which produce all five species of salmon -- and have been given the highest possible fishery ratings by the Forest Service. Important area for subsistence for the Native Tlingit people of Yakutat. The State of Alaska Department of Fish and Game has classified virtually all of the area as Class I, a classification that requests complete protection from logging and road building for the area. Road building and logging unanimously opposed by Yakutat City Council in February 1988. First proposed for wilderness by SEACC in 1970. Protection requested by Yakutat Fishermen's Association in 1988. Supported as a priority fish habitat area by United Fishermen of Alaska in 1988. Recommended for wilderness designation by Sealaska Corporation in 1987. Encompasses eight Research Natural Area proposals by Forest Service in 1988.

LAND STATUS: All forested areas are LUD III, the rest of the area is LUD II. Not in the 50-year contract areas. Current Forest Service plans are to build up to 170 miles of permanent new roads and log a series of tracts in the area beginning after 1989. A small capacity sawmill that has never been operational was built north of Yakutat in the early 1980s. It was sold and slated for dismantling in 1989.

ACREAGE: 220,278 acres.

SCHEDULED TIMBER BASE: 3.75 million board feet per year; adapted from Forest Service Yakutat Forelands Management Area Analysis Scoping Statement (3/86), the most up to date analysis available.



Yakutat Forelands -- the most ecologically diverse area in the Tongass. Yakutat City Council favors protection. © 1987 Robert Glenn Ketchum

YOUNG LAKE PROPOSAL.

DESCRIPTION: Adjacent to Admiralty Island Wilderness on the northeastern side of Admiralty Island. Important habitat for large populations of Sitka black-tail deer and brown bear. Expansive estuary and sand spit system is important for geese and other migratory waterfowl. Bald eagle nesting area. Good salmon fishery, especially for coho salmon. Young Lake has nesting loons. Because of easy access from Juneau, the area is an extremely popular recreation area. Three Forest Service cabins in the area get the highest recreation use of any watershed on Admiralty Island.

HISTORY: Part of the original Admiralty Island wilderness proposal in H.R. 39 in 1977. U.S. House of Representatives voted to make area wilderness in 1978. Proposed for protection as part of the Admiralty Island National Monument Wilderness in 1976 by SEACC. An Alaska Department of Fish and Game Class 1 Area.

LAND STATUS: LUD III area not in the 50-year contract areas.

ACREAGE: 18,726 acres.

SCHEDULED TIMBER BASE: 1.35 million board feet per year.

Young Lake -- a heavily used recreation area adjacent to Admiralty Island National Monument.

APPENDIX 1: EXPLANATION OF TERMS

Alaska State Department of Fish and Game Class 1 Area -- complete protection from logging and road building requested by the State of Alaska in 1983 Forest Habitat Integrity Plan "to reserve permanently for protection of fish and wildlife."

Haida Nation Logging Ban -- A 1987 call for a halt to logging and road building by the Haida Native peoples on historic and current Native lands in southeast Alaska.

H.R. 39 -- Legislation first introduced in 1977 by Rep. Morris K. Udall that eventually was signed into law as the Alaska National Interest Lands Conservation Act (ANILCA) of 1980.

Land Use Designation (LUD) --- Four categories of land use employed by the Forest Service on the Tongass to describe the general use intended in the 1979 Tongass Land Management Plan:

LUD I -- Wilderness established under the Alaska Lands Act.

LUD I release -- Lands recommended for Wilderness by the Forest Service but not included by Congress in the Alaska Lands Act. Currently not included in the scheduled timber base by the Forest Service. Their status will be re-examined during the TLMP revision.

LUD II -- Lands to be managed in a roadless state to protect their wildland character. Road building and timber harvesting permitted for special purposes. Not currently included in the scheduled timber base. Their status will be determined during the TLMP revision.

LUD III -- Areas of "high commodity value" and "high amenity value." Included in the scheduled timber base and subject to intensive timber management. Road building and logging with few restrictions.

LUD IV -- Areas of intense logging and road building. Included in the scheduled timber base.

Research Natural Area (RNA) Proposals -- Forest Service project to identify best examples of particular plant communities, wildlife species, aquatic systems and geologic features represented in the Tongass for scientific research. Final RNA selections will attempt to minimize land use conflicts by emphasizing currently protected areas.

Scheduled Timber Base -- Amount of timber that could be cut each year based on a 100 year rotation cutting cycle used by the Forest Service in TLMP to achieve a 450 million board foot per year cutting target. Data taken from Forest Service Value Comparison Unit Summary dated 7-27-87.

Sealaska Corporation -- Alaska Native regional corporation established under the Alaska Native Claims Settlement Act. Sealaska has 16,000 Alaska Native shareholders and is the region's largest corporation.

Tongass Land Management Plan (TLMP) -- The basic guide to forest management on the Tongass completed in 1979. Currently being revised by the Forest Service. Revision scheduled to be final in April 1991 at the earliest.

Value Comparison Unit (VCU) -- One of 867 geographic units drawn up on the Tongass by the Forest Service.

50-Year Contract Areas -- Portion of the Tongass obligated to the Alaska Pulp Corporation (APC) or Ketchikan Pulp Company (KPC) under the terms of their 50-year contracts. Two-thirds of the commercial forest land on the Tongass is in a 50-year contract area.

50-Year Contract Area Operating Plans -- Five year operating plans in which the Forest Service offers the two pulp mills timber. Three Operating Plans, programming over two billion board feet of timber sales and hundreds of miles of new road construction, will be finalized before the revision of TLMP in 1991 including the KPC 1989-94 Operating Plan, the APC 1981-86/1986-90 Supplemental EIS, and the APC 1991-95 Operating Plan. The planning of two additional five year plans will be well underway before 1991.

APPENDIX 2: HISTORICAL SUMMARY OF LAND PROTECTION PROPOSALS

The lands identified for protection in SEACC's proposal have a long history of study and support for special protective status by Congress, the state of Alaska, the Forest Service, and local Alaska communities, groups and individuals. Below is a summary of this support:

Original H.R. 39 Wilderness Proposal (1977):

Chichagof (partial)
Yakutat Forelands
Young Lake

Voted by House of Representatives as Wilderness (1978):

Chichagof (partial)
Karta River
Rocky Pass
Young Lake

Senate Energy Committee Special Management Area Proposal (1978-79):

Chichagof (partial: Idaho Inlet)
Karta River
Rocky Pass
Pt. Adolphus / Mud Bay (partial)
South Etolin Island
West Duncan Canal
Yakutat Forelands

U.S. Department of Agriculture Wilderness Study Proposal (1977-78):

Karta River
Outside Islands
West Duncan Canal
Yakutat Forelands

Forest Service Recommendation for Wilderness in TLMP (1979):

Karta River
South Etolin Island

Alaska State Department of Fish and Game Forest Habitat Integrity Plan Class 1 Area [recommendation "to reserve permanently for protection of fish and wildlife"] (1983):

Anan Creek
Berners Bay
Kadashan
Karta River
Kegan Lake
Mt. Calder / Mt. Holbrook
Naha River
Nutkwa River
Sarkar Lakes
West Duncan Canal
Yakutat Forelands
Young Lake

Sealaska Corporation Fisheries Habitat Preservation Recommendation (1989):

Chichagof (Lisianski and Upper Hoonah Sound)
Chuck River
Kadashan
Karta River
Nutkwa River
Outside Islands
Yakutat Forelands

Alaska Community Support for Protection (1987-88):

Calder / Holbrook (Point Baker Community Association)
Chichagof (Cities of Pelican, Tenakee Springs, and Sitka)
Kadashan (Cities of Tenakee Springs and Sitka)
Nutkwa (City of Hydaburg)
Outside Islands (Cities of Klawock and Craig)
Rocky Pass (Point Baker Community Association)
South Kuiu (Point Baker Community Association)
Trap Bay (City of Tenakee Springs)
Yakutat Forelands (City of Yakutat)

United Fisherman of Alaska "priority fish habitat areas deserving protection" (1988):

Berners Bay
Calder /Holbrook
Chichagof
Chuck River
Kadashan
Karta River
Kegan Lake
Naha
Nutkwa
South Kuiu Island
Yakutat Forelands

Forest Service Research Natural Area (RNA) Proposals (1988):

Anan Creek
Berners Bay
Calder / Holbrook
Chichagof
Chuck River
Karta River
Kegan Lake
Nutkwa
Pleasant Island
Sarkar Lakes
South Etolin Island
Trap Bay
West Duncan Canal
Yakutat Forelands

APPENDIX 3: ACREAGE AND TIMBER BASE SUMMARY

Area Protected	TOTAL acres	SUITABLE CFL acres	ANNUAL TIMBER VOLUME mmbf/yr
Anan Creek	38,415	0	0.00
Berners Bay	46,147	208	0.04
Calder/Holbrook	68,693	18,821	4.53
Chichagof	347,771	37,139	8.11
Chuck River	125,233	19,915	3.51
Kadashan	34,204	10,570	2.50
Karta River	39,886	0	0.00
Kegan Lake	24,990	0	0.00
Naha River	31,821	0	0.00
Nutkwa	52,674	12,526	2.83
Outside Islands	98,608	18,569	3.51
Pleasant Island / Lemesurier Island	18,971	0	0.00
Pt. Adolphus / Mud Bay	73,524	18,491	4.09
Port Houghton / Sanborn Canal	58,915	7,958	1.27
Rocky Pass	76,368	0	0.00
Sarkar Lakes	25,650	0	0.00
South Etolin Island	83,642	0	0.00
South Kuiu	191,565	38,720	7.55
Sullivan Island	4,032	2,668	0.35
Trap Bay	6,667	2,704	0.65
West Duncan Canal	134,680	23,648	4.64
Yakutat Forelands	220,278	32,465	3.75
Young Lake	18,726	5,664	1.35
total	1,821,460 acres	250,066 acres	48.68 mmbf/yr.

STATEMENT OF FLORIAN SEVER
before the

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES,

SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS, AND FORESTS

in favor of
THE TONGASS TIMBER REFORM ACT, S. 346

February 28, 1989

Chairman Bumpers and members of the Subcommittee:

I would like to thank you for the opportunity to submit this testimony in support of S. 346, THE TONGASS TIMBER REFORM ACT.

My name is Florian Sever and I am a 13 year resident of Sitka, Alaska. Sitka is a small city within the Tongass National Forest.

I was an active employee of Alaska Pulp Corporation as a millwright in the Maintenance Department from August 1976, until July of 1986. I was fired by Alaska Pulp Corporation on June 30, 1987.

Alaska Pulp Corporation is a company that is owned entirely by Japanese interests. The parent company, Alaska Pulp Co., Ltd., resides in Tokyo, Japan. The vast majority of their product, and all of their profits, are exported to the Orient.

I was a Union Officer and a member of the Union Negotiating Committee for Local 962 of the United Paperworkers International Union, the Signatory Union at the APC Sitka mill. The UPIU had represented the workers at APC from mill start-up.

On July 11, 1986, my Union went on strike at the APC mill in an effort to regain a small percentage of the concessions that the workers had granted to the company in past years. The little that we asked for, to maintain a decent standard of living, was callously refused. Ten days later, APC started to import "out of state" scabs to permanently replace the strikers. These striking workers were the same workers for whom the original 50-year long term contracts were meant to benefit. It was the effort to make jobs, and to maintain job security for the residents of the Tongass, that gave birth to the 50-year long term contracts. It is obvious that this effort has failed, miserably.

Only by revoking the 50-year long term contracts can Congress reinstate the fair treatment of workers, honor at the bargaining table, or free enterprise to the Tongass. The timber of the Tongass is a very valuable commodity. It's value, in a truly open market, would dictate a greater profit return for the Federal government, better conditions for workers, more jobs and greater security for existing jobs.

My Union was decertified as the Signatory Union at the APC mill on April 7, 1987. Since that date APC management has willfully and unlawfully discriminated against the strikers who are, by APC's own declaration, the very reason for the existence of the 50-year contracts and the institution of the current timber-harvest policy on the Tongass. Their representatives have said, in past Congressional testimony, that the 50-year contract holders are merely "conduits" to relay the Federal subsidy, from the United States Forest Service, to the workers of the Tongass timber industry.

Many unfair labor practice charges have been filed with the National Labor Relations Board concerning APC's illegal treatment of the workers. Apparently their intent was to punish the workers and to seek retribution for what they perceived to be a threat to their unlimited power to dictate labor policy under the 50-year contracts. In reality, APC obviously feels that the 50-year contracts were conceived to benefit them, and them alone.

On December 7, 1988, an Administrative Law Judge for the National Labor Relations Board, acting on appeal, found that APC was indeed guilty of committing the vindictive acts that led to the major charges. [see EXHIBIT I]

My personal involvement with APC is unique, and stands as a monument to their arrogance. They have demonstrated a total disregard for the Congressional process and a deep-rooted contempt for the Constitution of the United States of America. This was aptly high-lighted by a Congressional investigation and hearing held in June of 1988.

The House Committee on Interior and Insular Affairs, Subcommittee on General Oversight and Investigations, after conducting extensive investigative interviews and reviewing many pertinent documents, issued a report in September of 1988.

The Subcommittee arrived at the following conclusions and recommendations:

(1) "The termination of Mr. Florian Sever for his Congressional testimony of May 19, 1987, regarding H.R. 1516, the Tongass Timber Reform Act, constitutes the obstruction of proceedings before Congressional committees. The Subcommittee will refer this matter to the Department of Justice for criminal prosecution under applicable law for obstruction of proceedings before Congressional committees on the part of Alaska Pulp Corporation, and Mr. Jess Cline in his capacity as Industrial Relations/Personnel Manager of the Alaska Pulp Corporation. This action might well be brought under 18 USC Section 1505." (emphasis added)

(2) "The sworn testimony of Mr. Jess Cline of June 30, 1988, will be referred to the Department of Justice for review for possible criminal prosecution for perjury. The review by the Justice Department should include but not be limited to Mr. Cline's sworn statements that Mr. Florian Sever's testimony was not a factor at all in his dismissal; and that the 'statements and activities' for which Mr. Sever was fired was a single letter to the editor that was never published." (emphasis added)

(3) "The Subcommittee proposes that Congress enact legislation making it a felony to knowingly terminate or threaten to terminate an individual's employment, or to otherwise harm or threaten harm to an individual's property or person as a result of or in anticipation of his or her testimony before Congress, or otherwise providing information to Congress. Any person who engages in such action should be subject to ten years in prison or a fine of up to $250,000, or both."

The report was approved by the Subcommittee by a vote of 3-0 on September 29, 1988. [see EXHIBIT II]

My treatment at the hands of Alaska Pulp Corporation is indicative of their attitude concerning the rights and worth of the common working man. Not only do they have a complete disdain for the welfare of the workers of the Tongass, but they have demonstrated an utter contempt for the Congressional process and for Congress itself. Such behavior should not go unchallenged.

Congress is the organ that sits next to the beating heart of the American people. The Congressional process is the blood that runs in their veins. Any demonstrated contempt or attack on this body, or this process, must be dealt with in a sure and swift manner.

The owners of Alaska Pulp Corporation do not live in the Tongass, indeed they do not even live in the United States. The Japanese interests that are reaping the windfall profits generated by the destruction of this American treasure obviously have little regard for the human rights of the people of the Tongass. We are simply viewed as another resource to them, to be used and then abandoned, much like the precious timber land that they desecrate in the name of profit.

I chose long ago to speak out publicly, in the news media and before the Congress of the United States of America, in an effort to improve the lot of the common people of the Tongass and to halt the destruction of this beautiful forest that is my home. Because of my efforts to expose the truths underlying the gluttony of the foreign timber interests and the cruel treatment they have dealt their workers, I have been accused by Alaska Pulp Corporation of being a liar, a racist, and of "disloyalty" to Alaska Pulp. My statements concerning Alaska Pulp Corporation have always reflected the public record, and remain unrefuted by Alaska Pulp. These actions, on their part, accentuate their absolute disrespect for the Constitutional guarantees that belong to every American citzen. They feel that they alone are the sole possessors of any "rights" within their perceived domain, the Tongass National Forest.

The extent and quality of the "company loyalty" of employees must be predicated upon the loyalty that any given company exhibits towards its employees. Alaska Pulp Corporation has proven, time and time again, that it has no respect for, or loyalty to, its employees or the communities of Southeast Alaska. In order for a company to demand "loyalty" it must first show that it is deserving of "loyalty", and be willing to be fair and just. When one examines APC's record on these issues, APC falls miserably short of the requisite attributes.

You cannot demand "loyalty" when you have none to offer in return.

Only through the revocation of the 50-year contracts will the plight of the common working man of the Tongass be improved. As long as the "big timber interests" have the power to dictate to the workers, how they can think and what they can say, that power will be exercised to its natural limit. The timber monopoly must be eliminated, if justice is to prevail.

In closing, I would again like to thank Chairman Bumpers and the members of the Subcommittee for their efforts to arrive at a solution to this terrible injustice. Please, save the Tongass for our future generations, for America, and for the world.

Respectfully,

Florian Sever

Florian Sever

EXHIBITS:

I. Decision of the Administrative Law Judge, (NLRB) JD(SF)--137--88

II. "An Investigative Report and Dissenting Views", House Committee on Interior and Insular Affairs, Subcommittee on General Oversight and Investigations, September 1988

SOUTHEAST CONFERENCE

A Policy Statement on the Tongass National Forest Legislation and Management

AN ALASKAN PERSPECTIVE

"Working For All Alaska"

SOUTHEAST CONFERENCE
P.O. Box 2228
Juneau Alaska 99802

February 21, 1989

To Whom It May Concern:

The Southeast Conference has worked long and hard to develop the enclosed policy position regarding legislation and management of the Tongass National Forest. This policy position is intended to close the argument and stop further erosion of the economy of Southeast Alaska. It is not intended to diminish the role of the timber industry or any other industry in our effort to build a stable diversified economy.

This position has been developed with input from communities of Southeast Alaska and provides a balanced resolution that is intended to ensure continued employment, and opportunities in timber, fisheries, tourism, recreation, mining, and subsistence. The policy was developed with a focus on [illegible] families in Southeast Alaska. Although concerns of special interests were taken into consideration, and frequently paralleled that of communities, they were not (and cannot be) the primary focus.

This policy is intended to accomplish the following:

- Clarify the mission of the National Forest Service in the Tongass to include an allowable harvest of up to 4.5 billion board feet per decade depending on market conditions and subject to multiple use values of the Tongass Forest. (Maintain existing jobs in the forest while protecting fish and wildlife and their habitat.

- Establish a specific intensive management fund to ensure that the Forest Service is able to make marginal timber stands viable sales for the industry and sustain other values.

- Set aside 12 areas for protection due to the high values of fish and wildlife production in those areas.

- Provide for land trades, exchanges, or purchases of non-wilderness lands to increase the timber base for the allowable harvest level (to include potential use of harvested land).

- Establish an economic diversification fund of grants and loans to provide opportunities to strengthen the Southeast economy.

Southeast Alaskans, like most Americans, know it is possible with ingenuity, hard work, and dedication to have sound economic development while protecting our quality of life. We need not settle for less!

We are not professional drafters of federal legislation and therefore ask indulgence for our presentation. We are available to work with interested parties to clarify our policy. We respectfully offer our position paper to Alaskans, the U.S. Congress, and the American people as a fair and reasonable resolution to the conflict in the Tongass.

Respectfully Submitted,

William E. Privett
President, Southeast Conference

"Working For All Alaska"

SOUTHEAST CONFERENCE
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TONGASS NATIONAL FOREST
Policy Position

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"Working For All Alaska"

SOUTHEAST CONFERENCE

P.O. Box 22286 Juneau, Alaska 99802

TONGASS NATIONAL FOREST
Policy Position

I. INTRODUCTION

The Southeast Conference is a Non-Profit Corporation comprised of local elected officials, business leaders and community members representing Southeast Alaska dedicated to improving the well being of Alaskans through the prudent expansion of the Alaskan economy. The Conference was formed in 1963 to spearhead efforts to establish a transportation infrastructure in the land locked panhandle of Southeast upon which to build viable local and regional economies. The Conference was successful in that endeavor; working with the State and Federal governments the Southeast Conference built an ominous "sailing bridge" from Seattle throughout Southeast, the Alaska Marine Highway System. It is a billion dollar example of what the people of Southeast can do when they work together to overcome an obstacle or challenge. That system is only one of may varied accomplishments of the Southeast Conference efforts ranging from the Ketchikan shipyard to the continued development and expansion of the University of Alaska Southeast. The successes can all be attributed to the people of Southeast striving together for a common purpose, while maintaining mutual respect for community differences, quality of life, and the importance of cultural heritage. The Southeast Conference knows that the well being of the region is dependent on the well being of the individual communities.

The mission of the Southeast Conference is to build and maintain a stable, diversified economy that provides for an improved standard of living, quality employment and business development opportunities for the people of Southeast Alaska through prudent use of our resources. Use of these resources should reflect respect of the culture and the individual community perspective of quality of life by taking strong deliberate actions to affect business and government decisions and markets; while encouraging a family centered society, a clean environment and maximum realization of our mental, physical, emotional and spiritual well being.

It was with this history and spirit that the Board of Directors met in September and launched an all out effort to resolve the conflicts and economic peril surrounding the Tongass National Forest management and legislation. During the Annual Meeting last Fall in Ketchikan the Southeast Conference engaged in conversations and work sessions with timber industry personnel, conservationists, as well as the Governor and the Regional Forester about the problems in the Tongass. One thing became abundantly clear, if there was going to be an acceptable resolution to the Tongass conflict, there needed to be an effort toward developing a consensus, at least in Southeast.

The Conference established a five member Tongass Committee comprised of representatives from large and small southeast Alaskan communities reflecting the interests of timber, subsistence, fisheries, tourism

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and mining. In order to understand the complexity of the problem, the Tongass Committee decided to look at the southeast economy and community interests in depth. The committee used a process of principled negotiation while working on the project and constantly notified communities of progress and sought input. The work of the committee was divided into three phases: analysis, option development, and the decision stage. The majority of the 18 weeks of work was spent in the analysis stage. Following is a brief discussion of the committee's findings.

The State's economy will, increasingly in the future, be affected and directed by the regional economies rather than a single industry (oil). The regional economy of Southeast is necessarily the future of the Tongass. The well being of the people of Southeast Alaska is inextricably linked to the management of the Tongass National Forest. The economic stability of Southeast is subject to the decisions that the Forest Service makes regarding permits, sales, practices and day to day management of the Tongass. The 65,000 residents of Southeast Alaska rely on four primary industries, timber, tourism, fisheries, and mining, and in many cases a subsistence way of life, for employment and the economic infrastructure. Our economy is beginning to show more strength in traditional industries, i.e. fishing, mining, and forest products. It appears that if our trading markets do not falter, we will see continued growth and diversification.

The Southeast Alaska region, over the past fifty years, has given its residents one of the State's most economically diverse and stable geographic areas. However, the future of this economic unit is tied to continued vitality in the timber, fishing, tourism and mining industries, as well as subsistence. These industries are inter-related and dependent on one another for their viability. Our Southeast industrial base is fragile, inter-related, and dependent on the price and frequency of goods and services established by the combined demand of fishing, tourism, mining and timber.

At the present time total employment, earnings to workers and value of finished product from fishing, tourism, and timber are achieving a rough balance. The latest estimates by the Alaska Department of Labor indicates that for the month of July, 1988 there were at least 3,205 workers in the timber industry in Southeast. Actual employment in fishing and tourism is extremely difficult to compare across the board. Using baseline data from the USFS and the State, both fishing and tourism may have total employment at similar levels. It is currently estimated by the State of Alaska that 20 to 25 percent of earnings in Southeast are timber industry dependent. By extrapolation, similar levels are assumed in fishing and tourism. Mining has made a startling comeback in the past three years and will soon be an equal partner. Further, subsistence is a significant part of the economies of most small communities throughout Southeast.

Although certainly employment is not equal across the board, one thing is clear; taken on the average and over time, there is beginning a real "leveling" between these basic industries, their employment and total impact. This mutual support effect results in a broader economic base and will allow a community to experience a setback in one industry or segment of an industry without area wide recession. It also allows costs of community development and infrastructure to be born by that broader base.

The goal of the U.S. Congress, when the long term timber sale was approved, was the formation of a stable and enduring economy for Southeast Alaska. With diversification, including fishing, tourism, timber, mining, and subsistence, there is a growing realization that each has an important contribution to the overall competitive position of Southeast Alaska in the world market. The regional economic well-being is directly tied to continued health of the other partners in that industrial base. Every unit of the economy benefits from the transportation infrastructure, localized roads, and community development, so long as that does not infringe or threaten the quality of life or the other industries. The committee found it essential in these discussions to develop an option that reinforced economic "value added" diversification.

The underlying interests raise complicated questions and challenges. Debate is serious, sometimes hateful, but always reflective of a need to clarify the mission of the U.S. Forest Service in the Tongass. Southeast opponents of continuation of the large scale logging and specific subsidized harvest levels are using congressional debates for airing their concerns about the Forest Service management practices. They argue that the supposition of a multiple use mission is skewed, or even impossible given the mandates of Section 705 of ANILCA to provide 4.5 billion board feet per decade from the Tongass. These proponents for change say that this harvest mandate skews the mission of the Forest Service. Their concerns include a lack of protection of important fish and wildlife habitat , let alone enhancement. The argument comes to economic point on details that suggest a threat to the fisheries, subsistence as well as the recreation and tourism industries.

Opponents of the status quo suggest that the communities' areas of special interests, quality anadramous streams and wildlife habitat all fall second consideration to the skewed mission. They add that there is no opportunity for competition.

Proponents of the pulp timber industry counter by claiming that the pulp mills are only economically viable with reasonable long term commitments of access to productive timber stands. Ketchikan Pulp Company has for example recently invested some 35 million dollars to "retool their mill" for more cost effective value added use of the timber coming to them. The mills maintain they must have contracts and commitments of large volumes of timber to sustain their financial stability. Further, proponents point out that roads constructed provide long term use by tourists, fishermen, and hunters; and that they provide valuable recreation, and subsistence opportunities. Further, there are four smaller log mills that operate efficiently by selling the pulp which some estimate is up to 50% of the timber, to the pulp mills and lumber milling the other for market.

The major concern of many of the people of Southeast is of course that a threat to the financial stability of the mills corresponds to a potential loss of jobs and ultimately places families in crisis!

Further, irrespective of changes to the status quo, it is obvious that the limitations of Tongass National Forest designations will cause some drop in employment due to the decline in production on private land and the unavailable timber for open sale. The total employment currently cannot be absorbed in the Tongass. Perhaps diversification is the only long term opportunity for those that will ultimately be displaced.

The current level of harvest of 400 mbf and the resultant jobs within the Tongass (i.e. existing employment that is a function of the harvest within the Tongass National Forest) may be sustainable. However, the Forest Service as well as others have shown us in gruesome detail that the current total Southeast harvest is definitely not sustainable under any circumstances. This poignant reality is due to harvest levels on private land that are not on a sustained yield basis. This harvest level which is not bound by primary manufacturing restrictions, allowing round log exports, brings the total harvest in Southeast to almost 800 mbf this year. There is a contraction coming irrespective of changes to 705. The focus of the Southeast Conference has been to balance this reality with other community interests.

Another critical point raised within the Committee debate is the question of the twelve special areas that communities have requested be removed from commercial harvest designation. The Southeast Conference Tongass Committee spent hours reviewing and discussing these areas. There is no question that they have high quality unique intrinsic values. The Southeast Conference worked with the Forest Service, the Department of Fish and Game, and others in narrowing the scope of these requests. But they are real and the consequences of the withdrawals mean a loss of a little more than 23 million board feet.

Further, the Forest Service indicates that this will increase the pressure for intensive management and questions of sustaining a 4.5 billion board foot harvest level. The opponents of status quo also mention this may further skew the mission.

This issue received further investigation and consideration because the timber industry and the Forest Service maintain that the proposals for withdrawal would cause a commensurate loss of jobs. (The GAO estimates that the loss would be 4.2 jobs per million board feet.) This is further complicated by an argument that these are potential jobs, since the 24 million board feet is far short of impacting the 400 million board feet currently harvested from the Tongass, not existing jobs. But again the industry counters that these are potential jobs for those who may ultimately lose employment from the private harvest that will be shut down (within the next 5 to 10 years) since it is not a sustainable harvest.

The Southeast Conference has determined that no industry as aforementioned is safe or potentially stable until the Tongass issues are resolved. Therefore, the committee has ferreted out the major underlying interests of the communities and through principled negotiation, developed a proposed resolution to the major conflicts.

The vast expanse of land and natural resources in the Tongass are both a blessing and a curse. On the one hand, wilderness, personal freedom and unlimited opportunity are available to anyone. On the other, the outstanding natural beauty, the relatively small population and the widely held mistrust of development invites congressional intervention. In the Tongass we have an interdependent, fragile economy. Legislation being considered by Congress could weaken this fabric. It could start a chain reaction resulting in serious regional recession and economic de-stabilization. It could cause multiple-use areas to become one-industry towns.

The Southeast Conference has a vested interest in assuring that when the dust clears in Washington D.C., there will be no winners or losers in the Tongass. The Southeast Conference has developed this position through a principled negotiation process involving representatives of communities and interests from throughout Southeast. It is fair, reasonable, and critical to all Alaskans.

II. UNDERLYING INTERESTS/OBJECTIVES OF SOUTHEAST ALASKAN COMMUNITIES

Following is the Southeast Conference policy position on Tongass National Forest Legislation and Management. We propose that this position be used for the development of reasonable legislation and Tongass land management practices that are sensitive to the people whose lives are physically, mentally, emotionally and spiritually interwoven with the Tongass.

A. Objectives reflecting the underlying interests of the Southeast Communities:

1) To maintain the employment within the Southeast Timber industry including providing for diversification (perhaps Federal-State assistance for retooling and small mills, etc.).
2) To maintain employment within the fisheries industry including State and Federal efforts to provide for research, protection, and mitigation for anadromous streams.
3) To maintain employment within the mining industry and to recognize the unique mining opportunities that benefit communities.
4) To maintain employment within the tourism industry including sensitivity to respective communities' unique tourism opportunities (e.g. RVs, parks, docks, and highly visible areas), and dispersal of Pacific Rim and other Independent travelers.
5) To have Congress recognize and provide for respective communities" social, personal, and cultural uses.
6) To have Congress recognize that all of these uses are important to the people of Southeast and that these uses, the people, and the management of the Tongass are interrelated and mutually supportive.
7) To have Congress recognize the respective communities' interest in protecting specific areas from commercial harvest.
8) To have Congress recognize that the timber industry needs access to "appropriate and productive" stands to maintain a viable industry and timber employment.
9) To insure that Southeast Alaskans have a voice "at the table" in any and all discussions and decisions regarding the Tongass legislation. (This includes congressional hearings; and if a hearing is held in Alaska, it should be held in Sitka.)
10) To maintain a stable and diversified economy throughout Southeast.
11) To maintain at least the current level of federal commitment to the economy of Southeast Alaska and to provide opportunities for diversification, particularly for those that may be disenfranchised by legislation.
12) To separate Tongass legislation from other political issues or legislation.

III. ANILCA CONSIDERATIONS

Section 705(a) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 539(a) is hereby repealed and reenacted to read as follows:

(a) Congress finds that the Tongass National Forest possesses rich and diverse natural resources of inestimable value to the citizens of Alaska and the Nation. Many of these resources are vital to the regional economy of Southeast Alaska and, in differing mixes, to its varied communities. To foster and clarify a balanced multiple use mission for management of the Tongass Forest and the importance to the people of Southeast Alaska of clean air and water, timber harvesting and processing, commercial fishing, mining, subsistence, tourism (including sport fishing, hunting and other outdoor recreation), and associated support services, and to provide for broader distribution of the economic benefits of the Tongass Forest to the residents of Southeast Alaska, it is hereby enacted -

(1) The Congress authorizes and directs the Secretary of Agriculture to utilize federal funds of up to 15 million dollars, adjusted annually for inflation and appropriated on an annual basis, to ensure a multiple use mission and carry out an intensive management program. The fund is to be utilized so as to make available up to 4 billion five hundred million board feet per decade to maintain a timber supply to a dynamic and dependent industry necessary to meet annual market demand and subject to protecting and enhancing other resource industries and uses. The Secretary is authorized to adjust the allowable harvest, through the Land Management Planning Process, based on market conditions for timber, sustained yield principles of management of maintaining fish and wildlife, and recognition of other considerations of the multiple use mission.

(2) On the first day of each fiscal year, the Secretary of the Treasury shall transfer funds into the intensive management account equal to the amount expended from the account during the prior fiscal year. The Secretary of Agriculture is authorized and directed to use funds from the account exclusively for:

(A) Construction of the facilities needed to access new and existing timber sale areas which have been awarded or released and which meet the criteria for added investments contained in the 1986 Forest Service Region X's Timber Sale Preparation Handbook; and

(B) Timber stand improvement; and

(C) The Secretary is authorized and directed to use up to 20% of the intensive management funds to promote, protect and enhance subsistence sport and commercial fisheries, the wildlife, and recreation resources. The Secretary shall provide a report to Congress annually regarding the use and effectiveness of the fund.

(3) The Secretary is authorized to adjust the maximum clear cut size to optimize economic harvesting of timber sale areas, and make other adjustments deemed appropriate so long as such clear cut size and other adjustments are not inconsistent with the multiple use mission and objectives of the Tongass Land Management Plan (TLMP).

Sections 705(b)(1) and (2) are repealed and reenacted to read as follows:

(1) The Secretary is authorized and directed to establish a special fund and program of economic diversification loans and grants to stimulate enhancement and diversification of the economy of Southeast Alaska. The Secretary is authorized to promulgate regulations deemed necessary to define eligibility requirements providing for at least fifty percent of the fund to be utilized for grants to small businesses, community, and regional efforts that stimulate the economy of Southeast Alaska. The Secretary is authorized to establish a loan program to provide loans to industries within Southeast Alaska for "value added" initiatives or more efficient utilization of natural resources of the Tongass.

(2) To carry out the special economic diversification program established by this Section, there is hereby authorized beginning after Fiscal Year 1989 to be appropriated $20,000,000, from the National Forest Fund receipts, to be deposited in a special fund in the Treasury of the United States to remain available until expended.

(A) On the first day of each fiscal year, the Secretary of the Treasury shall transfer funds into the economic diversification fund equal to the amount expended for grants during the prior fiscal year. Repayments of principle and interest of loans and other recoveries of funds authorized by this Section shall be credited to the fund. The Secretary shall provide Congress with a report annually regarding the use and effectiveness of the fund. The report shall be prepared in consultation with the Southeast Conference, a corporation representing municipalities and individuals of Southeast Alaska.

(3) Sections 705(b)(1) and (2) are repealed effective September 30, 1999.

Section 705(c) is repealed and reenacted to read:

(c) The Secretary of Agriculture shall review and if necessary renegotiate the long term sale contracts to ensure:
1) employment stabilization to the maximum extent possible for those working in the Tongass National Forest;
2) fair and reasonable accommodation to the contract holders considering their investment in requiring fair market value rated for timber;
3) fair and reasonable competition within the timber industry in the Tongass National Forest;
4) that the contracts are consistent with the the Tongass Land Management Plan and any revisions thereto;
5) that Southeast Alaskan communities are given consideration in their respective interests;
6) that the contractors are given a clear definition and commitment of location and amounts of timber available through the contract period as part of the forest plan revision;
7) clear statements of the responsibility and authority of the Forest Service to protect fish and wildlife resources and habitats.

Section 705(d) is repealed.

Title VII is amended by adding a new section to read:

Section 709(a)(1) The following public lands within the Tongass National Forest are hereby designated as protected non-commercial timber areas:

			Impact Potential	
Yakutat Forelands	134,822	acres	3.75	million bd.ft./year*
Kadashan River Watershed	33,641	"	2.52	"
Chuck River/Windham Bay	74,942	"	2.00	"
Lisianski and Upper Hoonah Sound	134,657	"	3.58	"
Nutkwa River Watershed	22,507	"	1.87	"
Karta River Watershed	38,701	"	0.00	"
Mt. Calder/Mt. Holbrook	48,000	"	3.79	"
Young Lake	18,173	"	1.35	"
Outside Islands -				
Noyes	24,651	"	1.64	"
Lulu	18,517	"	.24	"
Baker	31,946	"	1.24	"
Trap Bay Watershed	6,446	"	.65	"
Goose Flats	23,798	"	.60	"
Berners Bay	35,379	"	.04	"
TOTAL:	646,180	acres	23.27	million bd.ft./year

(* These volume/year figures are to be compared to the '450' million board ft/yr timber supply goal managed on a 100 year rotation.)

The Secretary shall manage the protected areas designated in this section in accordance with Land Use Designation II as defined in the Tongass Land Management Plan (amended 85-86). The Secretary shall establish a management direction specific to the above areas including allowed uses other than timber harvest, through the Land Management Planning Process in consultation with the communities of Southeast Alaska.

(2) The Secretary is authorized and directed to pursue reasonable opportunities for non-wilderness land exchanges, trades, and/or purchases with the State of Alaska and/or any appropriate private land owners of property that may add to the timber base to mitigate or eliminate the potential economic impacts of 709(a)(1) in Southeast Alaska. The Secretary shall provide Congress with a written report and recommendations including a complete description of any proposed exchanges or trades. The report shall be prepared in consultation with the Southeast Conference.

IV. DESCRIPTIONS OF SPECIAL AREAS

Yakutat Forelands

The Tongass Land Management Plan recognized the area as the most diverse and productive fish and wildlife area in the Tongass, with the highest rankings for wilderness values and ecological diversity. The Alaska Department of Fish and Game (ADF&G) has rated the entire area as having the highest value habitat for both fish and wildlife as well as being a very important commercial, sport, and subsistence harvest area.

The Italio, Akwe, and Ustay-Tanis river systems together produce all five species of salmon and are especially productive of coho and sockeye. Peak escapements (the number of fish reported on their spawning grounds after surviving the commercial and subsistence fisheries) reported are 37,000 sockeye and 54,000 coho salmon. These systems are also good habitat for rainbow, steelhead, and cutthroat trout and for Dolly Varden. Brown bear, moose, mountain goat, wolves, marten, mink, land otter, beaver, bald eagles, trumpeter swans, sandhill cranes, and a myriad of other birds and small mammals are abundant in this diverse and productive ecosystem. The rare glacier phase of black bear occurs in the Ustay-Tanis area.

The local subsistence and commercial gillnetters benefit from the abundant salmon. The high quality of sport fishing on the Ustay, Italio, and Akwe rivers attracts approximately 1600 anglers from Yakutat, other areas of Alaska, the USA, and foreign countries providing significant income to the local economy (the average non-local angler spends about $550 per fishing trip). Hunting information is only available for the entire Yakutat Forelands, of which the proposed area comprises roughly 50 percent. The proposed area is an important area for moose hunting, an activity for which public demand far exceeds the level of opportunity, as well as brown and black bears and mountain goats. Trappers harvest marten, wolves, wolverine, beaver, and land otters. It is an important waterfowl hunting area for local residents.

Berners Bay

The Tongass Land Management Plan rated the area as high for fish and moderate for estuarine resources. The ADF&G rated the area as high for fish and wildlife. The area is intensively used by residents of Juneau due to its close proximity, road access, and resource values.

The Berners, Lace, and Antler/Gilkey rivers are the major anadromous streams flowing into Berners Bay and produce four species of salmon as well as rainbow, steelhead, and cutthroat trout and Dolly Varden. The peak recorded escapements in these three systems combined are 13,300 coho, 4000 sockeye, 9100 chum, and up to 10,000 pink salmon. Brown bear, black bear, moose, wolves, mink, marten, land otter, beaver, and land and water birds are abundant in the area. Mountain goats and bald eagles are moderately abundant. Seals, sea lions, and whales are common in the bay.

The Berners Bay area is intensively used by sport fishers, moose, bear, and deer hunters, kayakers, hikers, and campers. The Berners River is used by the ADF&G as an indicator of the coho salmon production for the management of the northern southeast coho fishery.

Young Lake

The Tongass Land Management Plan rated the Young's Lake watershed and estuary as being of the highest productivity class for fish. The ADF&G rates the area as being of the highest value for fisheries, wildlife, and sport fishing. The proximity of the area to Juneau makes it an extremely popular recreation spot for fishing, hunting, beach combing, camping, and hiking.

Admiralty Creek and adjacent streams produce three species of salmon, with peak reported escapements of 90,000 pink, 10,000 chum, and several hundred coho. These drainages also produce substantial populations of steelhead and cutthroat trout, kokanee, and Dolly Varden. Admiralty Creek is important in the management of the commercial salmon fishery for the ADF&G has historically sampled the density of pre-emergent fry in the stream gravels to estimate the over-winter survival rate of salmon streams in the general area. Sitka black-tailed deer, brown bear, marten, mink, red squirrels, raptors, and waterfowl are abundant. Land otters and beaver are moderately abundant. Whales and seals are commonly observed in the nearshore waters.

The Young Lake area is near Juneau/Douglas and accessible by boat, skiff, floatplane, and wheel plane. The three Forest Service cabins in the drainage receive the highest use of any watershed on Admiralty Island. The area is intensively used in the spring for steelhead fishing and brown bear and grouse hunting. Summer use of the area includes fishing, picnicking, camping, hiking, and bird-watching. Autumn brings deer and duck hunters to the area. The area is one of the most popular deer hunting areas for Juneau/Douglas residents, with 1654 hunters harvesting 468 deer in the Young's Bay-Hawk Inlet area in 1987 (see attached map). The system is classified by the ADF&G as a quality watershed for sport fishing because of the quantity, quality, and diversity of resident and anadromous fish and the high level of recreational use.

Lisianski River

The Tongass Land Management Plan rated the area as having the highest value for the production of salmon. The ADF&G ranked the area as the highest value for the quality of sport fishing and the production of salmon and trout and of moderate value for the production of wildlife. The fish produced in the Lisianski drainage supports a commercial fishery worth over a million dollars every year to fishermen. The area is used heavily by residents of Pelican for fishing, hunting, and general recreation.

The Lisianski River is one of the top five salmon producers in the region, with reported peak escapements of 220,000 pink, 5000 chum, 1500 coho, and 100 sockeye salmon. It also produces significant populations of rainbow, steelhead, and cutthroat trout and Dolly Varden. Brown bear, Sitka-black-tailed deer, marten, mink, land otter, bald eagles, waterfowl, and other old-growth forest species are moderately abundant.

Detailed information on hunting and fishing is not available for this small area, although it is important to the residents of Pelican for at least deer hunting (see attached map).

Upper Hoonah Sound

The Tongass Land Management Plan rated the area as having moderate values for fisheries, with the exception of Paterson Creek watershed which was rated high value. The ADF&G considers the area a moderate producer of fish and wildlife and an important harvest area for the residents of Sitka.

Several drainages each produce over 50,000 pink, over 6000 chum, and up to 500 coho salmon in an average year. Most drainages also produce moderate populations of rainbow, steelhead, and cutthroat trout and Dolly Varden. The estuarine sedge-grass flats and salmon streams are brown bear concentration areas. Waterfowl concentrate on the sedge-grass flats during spring and fall migrations. The area supports moderate populations of Sitka black-tailed deer, marten, land otter, mink, wolves, bald eagles, nesting waterfowl, and other old-growth forest species.

Residents of Sitka use the area to harvest salmon, halibut, crabs, deer, and furbearers. In 1987, around 590 deer were harvested in the area by Sitka hunters in 1100 hunter-days.

Goose Flats

The Tongass Land Management Plan rated the Goose Flats watershed as having moderately high fishery value and high estuarine resource values. The ADF&G rates the area as a moderate producer of fish and wildlife and as an important harvest area for the residents of Tenakee Springs.

All three drainages in the area each produce 10,000-50,000 pink salmon and over 6000 chum salmon in an average year and also support cutthroat trout and Dolly Varden. The extensive intertidal sedge-grass flats support spring concentrations of brown bear and spring and fall concentrations of migratory waterfowl. There are moderate populations of deer. Information on the population status of other species is lacking.

Tenakee Springs residents rely heavily on the area for the harvest of deer, waterfowl, furbearers, and shellfish.

Kadashan River

The Tongass Land Management Plan rated the drainage the highest value for fisheries and estuarine resources. The ADF&G rated the area as the highest class for fish and wildlife production. It is an important harvest area for residents of Tenakee Springs as well as the basis for a large commercial fishery and non-local hunting and sport fishing. The ADF&G/U.S. Forest Service have monitored pink and chum salmon escapements into the Kadashan River since 1969 and the out-migration of the juveniles since 1977 to predict the run strength and manage the commercial salmon fishery in the general area. Since no other stream in northern southeast Alaska has this quality of data, maintenance of this drainage in its natural condition is very important to the management of the salmon fishery. Research has also been conducted in this drainage on coho salmon, deer, and brown bear.

Kadashan is one of the top five producers of pink salmon in southeast Alaska, with a peak recorded escapement of 282,000 and average escapement of over 130,000 fish. It is among the top ten chum salmon streams in southeast Alaska, with a peak recorded escapement of 66,000 and average escapement of 25,000 fish. Coho salmon escapement is estimated at 2000-4000 fish. The drainage also supports rainbow, steelhead, and cutthroat trout and very high numbers of Dolly Varden.

Kadashan has one of the largest estuarine sedge-grass flats and intertidal mud flats in northern southeast Alaska. This extremely productive habitat is a major nursery for Dungeness crabs, important herring spawning area, major spring and fall feeding and resting stop-over for migratory waterfowl, and brown bear concentration area during spring.

The Kadashan drainage supports one of the highest concentrations of brown bears in southeast Alaska. Deer, marten, mink, land otter, red squirrels, and bald eagles are also abundant. Large numbers of seals are attracted to the abundant salmon as they mill around the mouth of the river.

The commercial fishery based on Kadashan salmon is typically worth over a million dollars annually to fishermen. Residents of Tenakee Springs depend on the area for the harvest of deer, salmon, shellfish, and furbearers. The ADF&G classifies the Kadashan River as the highest quality for sport fishing.

Trap Bay

The Tongass Land Management Plan rated the area as high value for estuarine resources and moderate value for fish production. The ADF&G rated the area as the highest value for wildlife and moderate value for fish. Hydrologic and fisheries research has been conducted in the area over the last decade.

The river which runs into Trap Bay supports moderate populations of coho, pink and chum salmon and Dolly Varden. Brown bear are abundant with spring concentrations on the estuarine sedge-grass flats and subalpine meadows and summer concentrations along the salmon streams. Although specific studies are lacking, the area is undoubtedly good habitat for other old-growth forest species.

Residents of Tenakee Springs depend on Trap Bay area for the harvest of deer (see attached map), waterfowl, and furbearers.

Chuck River

The Tongass Land Management Plan rated the Chuck River watershed as the highest value for fish and moderately high for estuarine resources. The ADF&G rated The Chuck River drainage as the highest value for fish and the areas around Windham Bay, the lower Chuck River, and Endicott Arm as the highest value for wildlife. The area is popular both with tour boat operators and Juneau residents.

Chuck River is among one of the highest producers of pink salmon in southeast Alaska, with a recorded peak escapement of 220,000. It also supports good populations of the other four salmon species and rainbow, steelhead, and cutthroat trout and Dolly Varden. The area is good habitat for black bears and mountain goats.

The Chuck River supports a significant commercial salmon fishery worth around a million per year to fishermen. The area is hunted frequently by Juneau residents in pursuit of black bear and mountain goats. The coastal areas in Endicott Arm and Windham Bay are used by recreational boaters, fishermen, and charter boats.

Calder-Holbrook

The Tongass Land Management Plan rated subareas within the boundary of the proposed area as moderately high to high value for fish and for estuarine values. The ADF&G rated the subareas as moderate for fish, with the exception of a high value for the Shipley drainage, and moderate to high for wildlife, with the highest values for the watersheds draining into Shakan Bay, Dry Pass, Tokeen Bay, and Shipley Bay. The area is important to the residents of Port Protection, Point Baker, Cape Pole, Edna Bay, Craig, and Klawock for the harvest of fish and wildlife.

There are many productive streams in the area supporting pink, chum, and coho salmon and rainbow, steelhead and cutthroat trout and Dolly Varden. Shipley and Sutter drainages also support sockeye salmon. The combined peak escapements for the more important streams in the area is 680,000 pink and 14,000 chum salmon. Herring spawn in Labouchere Bay. Dungeness crab rear in the area. Harbor seals are abundant and haulout in the Barrier Islands. Sitka black-tailed deer and black bear occur throughout the area in moderately high density. Black bears and migratory waterfowl concentrate on the estuarine sedge-grass flats at the head of Calder Bay. Bluff Island is a seabird colony and a harbor seal haulout. Protection Head is a seabird colony. Waterfowl concentrate in Dry Pass, Shakan Strait, and Tokeen Bay.

Residents of Point Baker, Port Protection, Cape Pole, Edna Bay, Klawock, and Craig use the area for the harvest of deer, salmon, furbearers, geoducks, crab, waterfowl, and other resources. Shipley Creek is intensively fished by Port Protection residents for sockeye salmon. Point Baker residents gillnet salmon in Shakan Strait. Residents of Klawock trap throughout Tokeen Bay. Commercial salmon fishing and crabbing occurs throughout the area.

Karta River

The Tongass Land Management Plan rated the Karta watershed as the highest value for fish. The ADF&G considers the Karta drainage to be one of the most productive anadromous fish systems on Prince of Wales Island, as well as having the highest values for wildlife. The area is very important for fishing and hunting to local residents as well as non-resident sport fishers.

The peak recorded escapements to the Karta River are 136,000 pink, 42,000 sockeye, and 41,000 chum salmon. The drainage also supports rainbow trout, spring and fall runs of steelhead, cutthroat trout, and Dolly Varden. The Karta River watershed is an extremely productive and diverse area. Black bear, furbearers, waterfowl, and other birds are abundant. There are moderate populations of deer, wolves, bald eagles, and marine mammals. The area is important for Trumpeter swans in the winter. The estuary is a rearing area for shrimp and dungeness crab and a herring spawning area.

There is an excellent trail system linking the series of lakes from salt water up to the highest lake. The area is a very popular area for bear hunting, trapping, sport fishing, and subsistence sockeye fishing by residents of Kasaan. The Forest Service considers the Karta drainage to be one of the top two recreation areas on the south Tongass.

Noyes-Lulu-Baker Islands

The Tongass Land Management Plan rated the islands as moderate to moderately high value for fish and estuarine resources. The ADF&G rated the area as moderate for wildlife and low for fisheries production. The islands are in the midst of a major commercial fishing ground that provides fishermen with over $16 million a year and are important for the harvests of fish and wildlife for residents of Craig and Klawock. These dramatic outer-coast islands are also becoming increasingly popular with tourists.

The islands' anadromous fish streams support pink and chum salmon. The two largest systems each produce 10,000-50,000 pinks, with one system also producing more than 6000 chum salmon a year and the other system producing up to 6000 chum salmon. Marine mammals are abundant along the coast, including sea otters, sea lions, and humpback whales. The islands also support deer and wolves.

Residents of Craig and Klawock use the islands to harvest salmon, other finfish, shellfish, seals, and deer. The commercial purse seining fleet, along with the associated fish buyers, packers and processors, depend on the safe anchorages provided by these islands which could be jeopardized by log storage in the limited areas of safe anchorage.

Nutkwa River

The Tongass Land Management Plan rated the drainage as high value for fish and estuarine resources. The ADF&G rated the area as high value for fish and wildlife. The fishery production makes the area extremely important to the commercial salmon industry and the residents of Hydaburg.

The Nutkwa system, with its large, shallow salt chuck, is an exceptional producer of pink salmon, with a peak recorded escapement of 215,000, and a major producer of sockeye, with a peak escapement of 1400. It also produces chum and coho salmon as well as rainbow, steelhead, and cutthroat trout and Dolly Varden. The salt chuck is important habitat for marine mammals and waterfowl, including trumpeter swans.

Box 020993
Juneau, Alaska 99802
March 24, 1989

Senate Energy and Natural Resources Committee

Dear Senators:

Although I know this is information you have received from other folks and in a variety of forms, it is heartfelt and expressed because we need to change some of our old modes and ways of thinking to insure justice and survival for everything on Earth.

The Tongass Timber Reform Act (S.346) will allow us 50 million or more taxpayer dollars each year to be spent on any number of other priorities - R&D for alternative energy sources, repairing the nation's bridges, retiring the national debt, education...Juneau is struggling with this budget right now!

The Tongass Timber Reform Act will take some hypocrisy from our global message/action. If we ask the developing nations in the tropics to avoid cutting of their forests for the benefit of themselves and humankind, shouldn't we (the most progressive and developed nation) set the example in our own national forests?

Our most valuable renewable resources (timber, wildlife, future citizens and atmosphere) would benefit from the Tongass Timber Reform Act. Individuals may feel some personal discomfort. Transitions are unsettling times. It is necessary. Thank you for your support of S.346.

Sincerely,

Nancy Waterman

Nancy Waterman

2 copies . Copy 1

THE WILDLIFE SOCIETY
5410 Grosvenor Lane • Bethesda, MD 20814 • Tel. (301) 897-9770

27 March 1989

The Honorable J. Bennett Johnston, Chairman
Committee on Energy and Natural Resources
SD-364 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Johnston:

Thank you for this opportunity to present the position of The Wildlife Society on the effects of Tongass National Forest management on wildlife resources. The Wildlife Society is the international association of wildlife managers and represents over 8,400 members from all segments of the wildlife profession. The Society has chapters thoughout North America, and our Alaska Chapter is actively involved in promoting ecologically sound natural resource management on the Tongass National Forest and elsewhere in the State.

The Wildlife Society has a long-standing policy dealing with the recognition of wildlife needs in forest management. A committee of Society members expert on the subject of old-growth forest wildlife management has prepared a detailed scientific review paper on the subject. We published the enclosed review paper, "Management and Conservation of Old-Growth Forests in the United States," in the Wildlife Society Bulletin. In 1988 we also developed the attached official policy statement on this subject. The Society requests that this material and the Alaska Chapter of The Wildlife Society's position statement on old-growth forest management in coastal Alaska be entered into this hearing record.

We also wish to offer some general comments concerning The Wildlife Society's views on forest management with emphasis on old-growth forests and our specific concerns about management of the Tongass National Forest.

Forest Management Consequences for Wildlife

Structure and species composition of plant communities may be altered by forest management practices with significant effects upon wildlife. While some wildlife populations may increase or be unaffected, other populations may decline or disappear on intensively managed areas. Positive effects of management may be optimized and negative effects minimized when wildlife requirements are coordinated and integrated with forest management activities. Management practices must be selected and prescribed to match site conditions, plant and animal species involved, successional relationships, and other local factors to help ensure that a broad spectrum of wildlife and other forest management objectives are met.

Old-growth Forest Management

The Society views Tongass National Forest management primarily as an old-growth forest/wildlife management concern. A definition of old growth should include important regional characteristics of structure and function. Generally, old-growth forests include those stages of forest development that occur after the growth rate of the dominant tree species begins to decline. They are mosaics of variably sized trees ranging in age from seedlings to dominant, 200+-year old trees. They have patchy, multi-layered canopies and are structurally diverse. Moreover, old-growth stands are dynamic, steady-state ecosystems in which total plant biomass is high and net biomass accumulation is low. This is often the maximum stand age at which harvest would occur in forests managed primarily for production of timber.

Old-growth forests provide critical and highly productive habitat for several species of wildlife and fish. In Southeast Alaska, such species as Sitka black-tailed deer, brown/grizzly bears, bald eagles, and spawning salmon depend on these forests. Old-growth forests also function as important pathways for fixing nitrogen, retaining and recycling nutrients, and producing high quality water in associated streams and rivers.

Old-growth forests are a rare and diminishing resource in North America. In the United States, they have been reduced to less than 5% of their original extent, with remaining stands rapidly disappearing primarily as the result of timber harvest practices. As there are presently no known silvicultural practices capable of replacing these essentially nonrenewable forests, plans for maintaining them must be developed and implemented if the values of old-growth forests are to be retained and perpetuated through time.

Old-growth Forests and Wildlife on the Tongass National Forest

The old-growth rain forests of coastal Alaska represent a scarce and unique ecosystem of international significance. Of the remaining original old-growth forests in the United States, most occur in remote areas of the Pacific Northwest and in Southeast Alaska. In Southeast Alaska, old growth is highly variable and can include stands of dominant trees that exceed 300 years of age and 61 meters in height. The vast majority of old growth, however, is composed of smaller trees growing on brushy, poor quality sites. This region contains a large proportion of the remaining old-growth forests in the country.

"Volume", a forest characteristic that describes the structural variety of old growth, is critically important to wildlife management on the Tongass National Forest. A stand's "volume" refers to the amount of merchantable wood fiber in the stand, and is generally related to the size, stocking density, and species composition of the dominant trees. High-volume and low-volume stands differ in their form, function, and appearance. Not surprisingly, they also vary in their value to wildlife.

Low-volume old-growth forests are characterized by a relatively open canopy and productive understory. In the absence of snow, these stands provide abundant food for wildlife such as deer. Over a series of mild winters, these stands can sustain large numbers of deer.

The presence of snow, however, changes the situation dramatically. Given deep snow, deer concentrate in high-volume old-growth stands, where snow accumulations are substantially lower, physiological energy costs are reduced, forage is more available, and chances of survival are improved. High-volume stands are the key winter range of Sitka black-tailed deer under limiting snow conditions.

High-volume old growth occurs most commonly at lower elevations, along streams, on alluvial flood plains, and on river terraces and deltas. It commonly is found in a narrow band along the beach fringe, or on the toe slopes at the base of steep hillsides. These locations make it important habitat to many wildlife species dependent on riverine or saltwater systems. Such species include the bald eagle, which nests along the beach fringe in large, old trees; river otter and other furbearers that associate with the beach and riverfront habitats; and the brown bear that forages along the beach fringe in spring and uses streamside habitats in late summer when salmon are spawning. Sitka black-tailed deer are found throughout high-volume old growth during periods of deep winter snow.

Management Implications to Wildlife on the Tongass National Forest

Several wildlife species have been shown to be adversely impacted by cutting old-growth forests in Alaska. Clearcutting replaces diverse, uneven-aged stands having high habitat value, with even-aged second-growth stands of low diversity and low value for many wildlife species. Based on present knowledge, it is not possible to significantly enhance second-growth forests for wildlife species such as bald eagles, brown bears, river otters, and other furbearers.

Although all old growth is no doubt important to some resident wildlife species at certain times of the year, the major concern among wildlife biologists is the loss of the high-volume component of the forest. High-volume old growth is rare on the Tongass. If we define it as those stands having more than 30 thousand board feet per acre, it comprises only 4 percent of the total land area, of which approximately 30% is contained in wilderness areas, as indicated in the table attached to the end of this statement. Maintaining an adequate and representative supply and distribution of high-volume old growth is important from the standpoint of maintaining natural forest diversity, as well as maintaining wildlife populations strongly dependent on this habitat type.

Logging over the last 50 years in Southeast Alaska has reduced significantly the amount of high-volume old-growth habitat. Available data indicate that approximately half of the highest-volume old growth (stands over 50 thousand board feet per acre) were logged in the 40 years preceding enactment of the Alaska National Interest Lands Conservation Act (ANILCA). The projected harvest schedule calls for 49 percent of the remaining acres in this highest volume class to be logged in the next four decades. Furthermore, the 1979 Tongass Land Management Plan (TLMP) placed a disproportionate share of high-volume old-growth stands in land designations open to logging (LUDS III and IV).

When these forests are logged, the ecology of the site changes radically. By 20 to 25 years after logging, young conifers shade out most other plants. For another century or more, the forest floor remains virtually devoid of understory vegetation. Such stands have little or no value to deer and other wildlife. Scientists estimate that it will take 2 to 3 centuries before forests logged today regain old growth characteristics. Old-growth forests basically are a nonrenewable resource. The Society of American Foresters' 1984 Report on Old-growth states that "with present knowledge, it is not possible to create old-growth stands or markedly hasten the process by which nature creates them. Old growth is a complex ecosystem and the lack of information makes the risk of failure high. At least until substantial research can be completed, the best way to manage for old-growth is to conserve an adequate supply of present stands and leave them alone."

It will be difficult to maintain current levels of wildlife in the face of scheduled logging on the Tongass. Because the impacts of logging are cumulative and long-term, the full magnitude of the declines in wildlife will not be realized for several or more decades.

Because they have been intensively studied, Sitka black-tailed deer provide an excellent example of the effects that harvesting old-growth forests may have on wildlife. Sitka black-tailed deer are the most abundant and most hunted game animal in Southeast Alaska. They are an extremely important recreational and subsistence resource. More than a decade of research on blacktails in Alaska and British Columbia has shown clearly that old growth is their optimal winter habitat. Converting old growth to second growth will reduce habitat carrying capacity for deer. The extent of population declines will depend upon the amount and types of old growth harvested in the future, and on the severity of winter weather.

We know from experience that deer populations are highly cyclical. For instance, in the mid-1960's, deer populations were high around Petersburg in Southeast Alaska, and hunters in 1966 harvested 3,700 deer. Following a series of harsh winters in the early 1970's, populations declined sharply. In 1974, only 40 deer were taken by Petersburg hunters, and in 1976, the season was closed. The season remains closed today. Fortunately, the population has rebounded in other portions of the Tongass, and hunter success is again on the rise. Deer populations will not respond so favorably in the future in those drainages where 50 to 80 percent of the old growth has been harvested and most of the key high-volume winter range has been eliminated.

A model developed by Alaska Fish and Game biologists predicts that by the year 2080, scheduled logging will reduce deer populations in most LUD III and IV drainages by over 50 percent. The Forest Service, in their analysis of long term effects of logging on deer populations concluded in their FEIS that "by the year 2080, the estimated carrying capacity of three areas on Chichagof Island would no longer be high enough to meet expected harvest (p. 4-252, 1986-1190 FEIS for Alaska Pulp Corporation long-term sale area)."

Legislation Affecting the Tongass National Forest

Senator Timothy Wirth introduced in the 101st Congress the Tongass Timber Reform Act (S. 346) to repeal provisions 705(a) and (d) of ANILCA, thereby allowing for more balanced multiple use management of the Tongass. The revisions would 1) eliminate the 4.5 billion board feet per decade timber supply goal, and instead allow the Forest Service to set timber harvest goals through the forest planning process; 2) eliminate the $40 million per year open-ended fund to the Forest Service, which presently is not subject to deferral or rescission, and instead subject it to the annual Congressional appropriations process; and 3) cancel the 50-year contracts with two large pulp-producing conpanies, to which two-thirds of commercial forest land on the Tongass is committed, and instead compel the Forest Service to use the competitive bidding system and shorter-term contracts. S. 346 also calls for greater emphasis on fish and wildlife protection in the Forest Service Tongass Land Management Plan (TLMP). In addition, the bill also requests a moratorium on harvesting of 23 designated areas of high-volume old growth until the 1990's TLMP is implemented.

Senator Frank Murkowski has introduced S. 237, which amends only provision 705(a) of ANILCA, eliminating the mandated timber supply goal of 4.5 billion board feet per decade. However, the supply goal still would be decided upon annually by the Secretary of Agriculture instead of by the forest planning process and Congress. This process guides all other National Forests in the United States and provides for public input, whereas the Secretary's decision will not necessarily do so.

Recommendations by The Wildlife Society

The Wildlife Society wishes to make Congress aware of the consequences to wildlife when decisions are made regarding the amount and location of logging activities scheduled for the Tongass. One-third of high-volume old growth on the Tongass is scheduled for harvesting in the next 100 years. Old-growth rain forests of coastal Alaska require careful and far-sighted research, planning and management to ensure that they are perpetuated for their many values. Furthermore, research programs should be increased and sustained at levels required to produce the needed understanding of wildlife/old-growth forest relationships in a timely manner.

The Society urges support for S. 346. This bill would protect almost 1.7 million acres of irreplacable old-growth forests in the next decade. The Society agrees with the proposed harvesting moratorium of 23 areas that have high value to wildlife. S. 346 would strike a critical balance among multiple uses of the Tongass.

The Society cannot support S. 237 because timber and other multiple uses, including wildlife, must be integral parts of the forest planning process. This bill fails to recognize that old growth is essentially a nonrenewable resource and that balanced multiple use management is not adequately being practiced on the Tongass.

In summary, current harvesting practices on the Tongass will significantly decrease the capability of the habitat to support certain wildlife populations. The mandated harvesting regime under ANILCA, if not amended, constitutes unacceptable restrictions on true multiple-use management of our largest National Forest. The Wildlife Society supports S. 346 as a necessary step toward more responsible resource management on the Tongass.

The old-growth forests of the Tongass National Forest represent one of the few remaining vestiges of an extremely valuable ecological resource. The management decisions made today will influence the American public and the future of the Tongass for many generations to come. The Wildlife Society urges Congress to ensure that old-growth stands of appropriate size and distribution are retained for the maintenance of natural levels of biotic diversity and the continuation of the functional attributes of forest ecosystems.

Thank you for this opportunity to present the views of the association of wildlife professionals.

Sincerely,

Harry E. Hodgdon
Executive Director

Enclosures

March 1, 1989

Honorable Dale Bumpers, Chairman
Senate Subcommittee on Public
Lands, National Parks and Forests
U.S. Senate, Washington, D.C. 20510

Dear Senator Bumpers,

Here is some material concerning pending legislation on the Tongass National forest that I feel compelled to send you after reading the coverage of your Subcommittee hearings on February 28th in today's issue of the Ketchikan Daily News. I understand that you are taking public input for the next two weeks and also that you plan to conduct hearings in Alaska some time in April. Therefore, I wish to make this contribution to the record.

I support Senator Wirth's introduced legislation (S. 346) that would allow the Forest Service to plan and manage the Tongass National Forest based on current biological, sociological, and economic conditions without the encumbrances caused by an annual harvest set by law and an appropriation not subject to the annual budget process. The mandates contained in the Alaska National Interest Lands Conservation Act (ANILCA) regarding the 4.5 billion board feet of timber per decade and the $40,000,000 automatic funding level along with the long term contracts could stand in the way of objective forest planning currently underway. The 23 environmentally sensitive areas named in S. 346 should remain on hold until the completion of the revision of the Tongass Land Management Plan currently under way.

The timber harvest level for the Tongass should be based on land capability and public need. Harvest levels that are biologically sound can only be developed by an objective planning process that is unencumbered by politics. The 4.5 billion board feet per decade, initially developed by a plan (now 10-yrs. old) and set in concrete through a political compromise, may not be attainable today. In the past ten years there have been many changes in the Tongass. Because of low timber values, much of the harvest has taken place in high volume stands. Many acres, once within the Tongass National Forest, have be selected and transferred to the State of Alaska or the Native Corporations. Native Corporations have clearcut extensive amounts of these lands and plan to harvest more. There are now 5.4 million acres of Wilderness where road building and logging can not take place. Knowledge has been gained as to what constitutes key wildlife and fish habitat and how much is necessary to sustain viable populations. There are new businesses that depend on the wildness of the Tongass to maintain viability. New laws, regulations, and policies that effect logging practices and management of the National Forests have been developed. This list, by no way inclusive, is an indication that the management situation on the Tongass has changed considerably since ANILCA and that the allowable harvest level may also be different than what is now mandated.

The long term contracts were let about 35-yrs. ago in an effort create economic and community stability in S.E. Alaska by utilizing the timber resource of the Tongass. It was a good idea and to a large extent it worked. The resultant industry has provided jobs and created a relatively stable economic situation here. The United States has more than kept its part of the bargain through deficit sales, low stumpage rates, purchaser credits, force account road construction,and in some cases, variances of water and air quality standards. Industry, on the other hand, has depended on the good nature of government rather than aggressively seeking improved technology or widespread end product enhancement to become competitive in world markets. The long term contracts tend to make people complacent with the existing situation rather than developing better ways to make a business more economically viable. The contracts also inhibit competition and small independent operations.

Some suggest that it would take a great deal of money to terminate the contracts. That may be true, but considering a 35-yr. period to depreciate investments and the fact that there should be a continual supply of timber from the Tongass NF based on the sustained yield principle, contract termination damages may not be all that great considering the other options. I also suspect, given a timber harvest level based on a plan following the mandates of the National Forest planning act and the principles of NEPA, there will always be a viable timber industry in S.E. Alaska even though the current players may have backed away from the table.

It goes without saying that the Forest Service should be subject to the annual budget process. It seems that no one disagrees with this point. The 23 areas that are identified in S. 346 are another matter. These areas seem to contain values that may warrant special management. The planning process currently underway should be able to develop management prescriptions for these areas as long as they remain in an undeveloped condition so that all the options for management are open.

Thank you for the opportunity to comment on this important issue.

Sincerely,

William J. Holman

William J. Holman
PO BOX 5972
Ketchikan, AK 99901

Enclosures

"Copy"

February 21, 1989

Senator Tim Wirth
U.S. Senate
Washington, D.C.
20510

Dear Senator Wirth,

I want to thank you for your introduced legislation (S 346) that would allow the Forest Service to plan and manage the Tongass National Forest with the same expertise and mandates as pertain to the rest of the National Forest System.

First I should tell you of my background. I retired from the Forest Service with about 29 years of assignments in various aspects of forest management. These assignments included; writing a timber management plan for a National Forest in Idaho, administering timber sales (including a long term 25yr. sale) for the FS in Idaho, serving as a District Ranger on two Ranger Districts, serving as a Staff Officer at the Regional level in Montana and Alaska, and as a Staff Officer in the Washington Office of the Forest Service. Since my retirement I have served on the boards of several organizations including, Alaska Natural History Association, Prince William Sound Recreation Association and Trustees For Alaska. I am a member of the the Land Use Advisors Committee to the Alaska Land Use Council, and have served as a member of the team that developed the National Recreation Strategy for the Forest Service. I also volunteer with the Forest Service on trail maintenance, campground maintenance, recreation cabin construction, and teaching natural history to participants of Elderhostel programs.

Top leadership in the Alaska Region of the Forest Service have on several occasions stated that they are only doing what the "law" tells them to do. I feel that they follow the dictates of ANILCA to a tee. To do otherwise would result in opposition and criticism from the Alaska Delegation. ANILCA is often interpreted as the only Congressional mandate for management while other laws that pertain to the operation of the National Forests are ignored or are of secondary importance. For example, ANILCA contains exceptions to the Wilderness Act of 1964. However, those exceptions have been loosely interpreted to allow for the construction of facilities and for the use of motorized equipment not authorized by either Act. In another example, ANILCA mandates 4.5 Billion board feet per decade timber harvest goal. As a result the Forest Service has invested many person hours trying to deal with and justify the mandated harvest level even in times of poor markets when common sense along with other laws and regulations would suggest that there are many ways to contribute to the economic stability of S.E. Alaska with expanded programs to enhance recreation/tourism, wildlife and fish habitat improvement, minerals management, and special uses opportunities.

2.

I am sure all this justification was accomplished with the blessing of the Alaska Delegation who continue to stress the need to maintain the harvest offer level. They have also suggested that the Forest Service should not implement or promote any other programs that may serve to reduce the Congressional mandated timber harvest level in the future. Those who promote continuing the 50-year contracts, $40 million guarantee, and the 4.5 billion board feet per decade as the salvation of the economy of S.E. Alaska state that any other harvest level or mix of management programs would result in economic disaster for the Region. As a result of this dialog among some of the special interest groups and the Delegation, there is a tendency for "Top Management" to be preoccupied with tunnel vision that allows only for thinking, planing, justifying, and providing direction in terms of single or dominant use of the Tongass National Forest.

This situation detracts from objective Forest Land Management Planning with full public involvement and in keeping with other laws and regulations pertaining to the National Forest System. As a matter of fact, I understand some Forest Officers find it difficult to deal with a wide variety of public interests. They seem to be able to work with and trust those people that represent the timber industry, but they have difficultly working with interests that represent fishing, recreation, tourism, wilderness, outfitting and guiding, hunting, and other legitimate uses of the Tongass National Forest. At times, public involvement seems to take the form of "driving wedges " between interest groups rather than working with the various interest groups to achieve consensus. (The recent effort to reach consensus on the Tongass by The S.E. Council is a noted exception to the rule and should be encouraged.)

The mandates contained in ANILCA regarding the 4.5 billion bd. ft., $40 mm, and the long term contracts could stand in the way of objective forest planning currently underway. With time, the situation in S.E. Alaska has changed. There are new demands on the resources of the Tongass. There are ways to maintain economic stability without depending on a single industry that is slow to embrace new technology or finished product enhancement on a wide scale. The resources of Tongass National Forest should be available to a wide variety of interests (extractive & non-extractive) that would result in "the greatest good to the greatest number in the long run". There can be a continual flow of wood fiber utilized in making competitive products that command the best high price on the world markets as well as maintenance of fish and wildlife habitat, minerals, recreation, and wilderness opportunities. This can only be accomplished if the planners and decision makers are given the same support and encouragement to practice multiple use management as those responsible for other National Forests. Therefore, I support your proposed legislation.

Sincerely,

/s/ William J. Holman

William J. Holman
PO BOX 5972
Ketchikan, AK 99901

CC Sens. Murkowski and Stevens, Reps. Young and Mrazek

TESTIMONY OF BRUCE COOK, JR.
PRESIDENT, HAIDA CORPORATION

on S.237 and S.346
Before the Subcommittee on Public Lands
Committee on Energy and Natural Resources
Unites States Senate

February 28, 1989

I respectfully offer the following testimony on S.237 and S.346 on behalf of Haida Corporation. Haida Corporation is the Native Village Corporation which was created pursuant to the Alaska Native Claims Settlement Act of 1971 for the village of Hydaburg, Alaska. Hydaburg is located on Prince of Wales Island in southern Southeast Alaska, in the heart of the Tongass National Forest.

We offer this testimony to draw the Committee's attention to Haida Corporation's land selection rights in the Tongass National Forest. We are deeply concerned that the commitment of the 99th Congress to the Haida could be jeopardized by pending legislation affecting the Tongass National Forest.

In 1986, after many years of effort by Haida Corporation to rectify its inequitable land selection rights under ANCSA which had left the corporation with virtually no choice in the lands it could select, Congress enacted P.L. 99-664, the Haida Land Exchange Act of 1986. That legislation was intended, among other things, to provide Haida Corporation with choices regarding future land selections, and "the opportunity to receive lands pursuant to this section [Section 10] which are economically valuable." (See p.15 H.Rpt. 99-930). Section 10 of the Act provides that Federal lands in Alaska shall be made available for selection by Haida Corporation which meet the following factual criteria:

> Lands withdrawn pursuant to this subsection shall be, to the maximum extent possible, lands accessible from the coast which are of like kind and character to those traditionally used and occupied by the shareholders of Haida Corporation and shall be, to the maximum extent possible, capable of utilization for economic return to Haida Corporation.

Haida Corporation is entitled to select about 7900 acres under the authority of Section 10.

Almost all of the Haida's ancestral lands which would meet the criteria quoted above were already committed to others (Native corporations, wilderness, timber contracts) at the time of enactment of the Haida Land Exchange Act of 1986. Some of these lands were among the best timber lands in Alaska. From our own study and according to our consultant, there are just three remaining areas which consist of traditional Haida lands and meet the criteria described above. They are Sulzer Portage, Nutkwa, and Karta, with Nutkwa and Karta containing a large percentage of the acreage which meets the Section 10 criteria.

According to the Haida Exchange Act, the withdrawal of lands for selection by Haida Corporation is to occur in 1995. When this timeframe was established, it was not anticipated that intervening legislation might be enacted which would affect the pool of ancestral Haida lands potentially available for Haida Corporation's selection. With respect specifically to S.346, it was not anticipated that the Tongass Land Management Planning process would be altered, as the 1995 date ties in part to that process. Karta and Nutkwa are both designated as timber moratorium areas under S.346.

Haida Corporation requests that any Tongass legislation approved by this committee confirm Haida Corporation's selection rights to lands of value to the Haida. According to the sponsors of the Haida legislation, these "Section 10" lands were to give Haida Corporation "a future." Haida Corporation's future will depend on these lands.

Haida Corporation is just emerging from Chapter 11, after three and a half long and difficult years. We are very proud that Haida Corporation paid all its creditors in full, with interest. However, we had to liquidate a great deal of our land to do so.

We are concerned that when 1995 comes, there will be little left to select under Section 10. Moreover, Haida Corporation cannot afford the uncertainty and expense of making its selections in the context of a changing, and increasingly complex Tongass land management process.

We must choose our future path carefully. We need to find lands meeting the Section 10 criteria which are close to home, which are of traditional significance, and which lend themselves to management from Hydaburg.

With respect, we urge the Committee not to forget the commitment of the 99th Congress to the Haida people, and request that the committee protect our Section 10 rights in the pending legislation. Thank you.

Working for the Nature of Tomorrow®
NATIONAL WILDLIFE FEDERATION
1400 Sixteenth Street, N.W. Washington, D.C. 20036-2266 (202) 797-6800

STATEMENT FOR THE RECORD
SUBMITTED BY
FRANCES A. HUNT
ON BEHALF OF
THE NATIONAL WILDLIFE FEDERATION
FOR
HEARINGS HELD BY THE
SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS, AND FORESTS
REGARDING S. 346,
THE "TONGASS TIMBER REFORM ACT"

FEBRUARY 28, 1989

Mr. Chairman, Members of the Subcommittee, on behalf of the National Wildlife Federation, I wish to thank you for the opportunity to submit this statement for the February 28, 1989 hearing record on S. 346, the "Tongass Timber Reform Act." My name is Frances A. Hunt and I am the Forest Resource Specialist for NWF.

The National Wildlife Federation is the nation's largest conservation-education organization, with more than 5.1 million members and supporters in 51 states and territories. NWF is actively involved in forest management issues. Ending the environmentally destructive activities which are an "unintended consequence" of provisions in the Alaska National Interest Lands Conservation Act (ANILCA) is a priority of our organization.

The Tongass National Forest, America's largest national forest, is of great ecological and economic importance. Nearly 11 million of the Forest's 16.8 million acres are not forested, but the portion that is forested contains one of the world's last old growth temperate rain forests. Over 200 inches of rain falls yearly, creating one of the most distinctive ecosystems in the world. The continuing destruction of the remnant old growth forests of Washington and Oregon makes protection of the Tongass more urgent.

The old growth rain forest is characterized by stands of Sitka spruce, hemlock, and cedar 250 years old and older, and a productive understory which supports numerous species of wildlife. The water runoff from the forest feeds the streams, rivers, and estuaries which support millions of fish. This ecosystem is delicately balanced and, if it is destroyed, can never be replaced.

High volume, old growth stands with over 30,000 board feet of timber per acre exist in only about four percent (650,000 acres) of the Tongass, yet it is these important wildlife habitats which are being cut in an ecologically and economically unsound manner. The effects of Tongass timber management on several important species: the Sitka black-tail deer, brown bear, salmon, and the bald eagle are detailed in an appendix to this statement. These several wildlife species represent only a small number of the hundreds of species which live on the Tongass, and timber harvesting has different impacts on each one.

To guarantee biological and ecological integrity, these impacts need to be considered when determining harvest levels. The 4.5 billion board feet per decade harvest mandated by ANILCA forces timber harvests from areas where such harvests are detrimental. The time has come to redirect the harvest of timber on the Tongass National Forest and end the resulting degradation of fish and wildlife habitat.

Recent reports published by the General Accounting Office and the Congressional Research Service, as well as the House Interior Report accompanying H.R. 1516 during the 100th Congress, all present evidence which overwhelmingly supports reform of the ANILCA provisions pertaining to the management of the Tongass National Forest. The GAO study, in particular, reports that the Forest Service has spent $131 million preparing timber sales not needed to meet current demand. Moreover, timber sales program in the Tongass National Forest lost $22 million dollars in 1986. I am sure these figures have been brought to your attention repeatedly. Nevertheless, their impact does not fade.

S. 346 will terminate the environmentally destructive timber harvest levels required by ANILCA on the Tongass National Forest, assure the Tongass is managed in accordance with the National Forest Management Act of 1976 (NFMA), and assure funding in the same manner as other National Forests. We believe the bill will help end the destruction of fish and wildlife populations and habitats in southeast Alaska and help ensure the wise management of the Tongass's natural resources.

S. 346 would improve the management of the Tongass National Forest by taking the following positive steps:

> Repealing Section 705(a) and thereby returning funding of timber management activities on the Tongass to the annual appropriations process, while eliminating the 4.5 billion board foot timber supply goal.

Eliminating the exemption for the Tongass from Section 6(k) of NFMA, which requires the identification of lands not suitable for timber production.

Expanding the required review of Tongass management to address the impacts of timber management on wildlife and fisheries habitat.

Requiring the termination of the two 50-year contracts and replacing them with short-term sales that are competitively bid.

Providing a temporary moratorium on logging and roading in 23 areas with high wildlife, recreation, subsistence, and scientific values.

Directing the Forest Service to revise the Tongass Land Management Plan to reflect proposed changes in ANILCA strengthening protection of non-timber resources.

Repealing Sections 705(a) and 705(d) of ANILCA would allow management of the Tongass National Forest to proceed under the same funding mechanisms, harvest level determinations, and land suitability requirements as every other National Forest. These changes will allow Tongass managers to make forest management decisions that adequately reflect both market conditions and environmental safeguards. Following the passage of S. 346, the Forest Service would be able to develop resource management policies for the Tongass National Forest that reflect the forest's unique ability to provide both commodity and non-commodity resources to southeast Alaska and the nation.

Elimination of the two long-term contracts would also provide both economic and environmental benefits for the region.

We believe that terminating these contracts is critically important to the sound multiple-use management of the Tongass. These contracts have allowed timber companies and the Forest Service to circumvent federal laws designed to ensure multiple-use management and environmental protection of the Tongass. These contracts have also restricted the development of a competitive timber industry in southeast Alaska. There is no justifiable reason for Congress to continue to facilitate destruction of critical old growth forests in this economically damaging fashion.

Pending the required revision of the Tongass Land Management Plan to provide balanced management for all of the forest's resource, S. 346 also seeks to protect 23 critically important areas from the effects of logging and roading. NWF supports protection for these areas, as they afford fish and wildlife habitat values that must be protected to sustain the resource base for the region's fisheries and tourism industries, and for the subsistence way of life. Unfortunately, S. 346 would provide only temporary protection for these areas. While this is the only weakness of the bill, we firmly believe that these areas are deserving of permanent designation as wilderness. We therefore support the amendment of S. 346 to provide permanent protection for the 23 specified areas.

In closing, I would like to briefly address an argument that is frequently raised in opposition to the effort to reform management of the Tongass National Forest. The fight to protect the resources of the Tongass is not, as some opponents of reform might suggest, an effort to undercut the economy of the region. Quite to the contrary, NWF believes that the passage of S. 346 is vitally important to the economy of southeast Alaska. The commercial fishing industry supports more jobs than any other private employer in the area. Subsistence fishing also feeds and supports much of the native and rural population of southeast Alaska. The fisheries resource must be protected from the adverse impacts of logging.

Southeast Alaska also is benefiting from a growth in tourism. Tourism is the area's fastest growing industry and the only primary industry to show major growth during the 1980's. The number of cruise ships plying southeast Alaska waters increased 47 percent between 1975 and 1983. The Forest Service estimates recreational use of the Tongass grew by 85 percent between 1980 and 1985.

Tourism will suffer in the long run if the Tongass Forest continues to be managed in ways inconsistent with wildlife protection, preservation of water quality and sensitivity to the esthetics of the area.

The Tongass National Forest is a far-too-important and unique natural resource to be squandered. The bill before you today is a first step toward restoring sensibility to the management of the Tongass National Forest. The National Wildlife Federation urges the Subcommittee to recommend the passage of S. 346, amended in the ways that we have outlined in this statement.

Thank you again for the opportunity to present our testimony.

APPENDIX

Sitka Black-tail Deer

Sitka black-tailed deer are the most popular game animal in southeast Alaska, and are an important food source for recreational and subsistence hunters. Deer populations are decreasing because of the logging of high volume (30,000 mbf/acre and over) old-growth stands vital to the winter survival of the deer (ADFG, 1985). The canopy of the old-growth forest catches the heavy winter snowfall creating open vegetation patches on the forest floor which provide forage for the deer. The open canopy of a second-growth forest simply cannot provide cover adequate to allow this forage to exist.

Also, younger trees as well as numerous other species of plants grow in the understory of the old-growth and provide forage for the deer throughout the year. Although forage is abundant immediately after clearcutting, the second-growth forest quickly out-competes other vegetation and leaves little suitable forage in the understory or on the ground.

The clearcutting of old-growth forests, which the timber harvest levels of ANILCA requires, results in the permanent loss of deer habitat. Under the current logging plan, the Alaska Department of Fish and Game estimates there will be a 50 percent decline in deer populations in three-quarters of the watersheds on the Tongass, with the losses in some watersheds as high as 92 percent (SEACC, 1986).

The timber harvest level on the Tongass must be reduced for the protection of the Sitka black-tailed deer.

Brown Bears

The Tongass contains the greatest concentration of brown bears (grizzlies) anywhere in the nation (The Wilderness Society, 1986). These massive creatures once roamed the western U.S. in large numbers, but now have been reduced to remnant populations in the lower 48 states. In part, disturbances from logging have been to blame for the bear's decline in the lower 48, and we do not want to see the same thing happen in Alaska.

Old-growth forests are essential to the survival of brown bears. Old-growth provides denning sites as well as food for these omnivores. Bears use clearcut sites less than old-growth areas. Clearcuts and roads restrict the bears' natural movements because they require cover for protection from other bears and from man. Road access increases hunter success and opens new populations to hunting pressure. Both legal and illegal hunting of bears increases. Non-hunting man/bear conflicts increase and the usual result is the destruction of the bear.

Logging also degrades the quality of streams on which the bears depend for food (ADFG, 1985). Salmon on their spawning runs are an important food source for brown bears. The integrity of salmon streams and the old-growth forest must be protected for the brown bears to survive.

Bald Eagle

Southeast Alaska has the highest density and the largest population of breeding bald eagles in North America. Over 10,000 of these spectacular birds live on the Tongass. Bald eagles live primarily in old-growth stands near the water where they have adequate nesting habitat and food. The nest trees are usually old-growth Sitka spruce, and although nest trees and a surrounding buffer are protected from disturbance by state and federal regulations, over half of the 126 variances requested between 1969 and 1983 on the Tongass were granted (ADFG, 1985).

Salmon are also an important component of the bald eagle's diet, and without adequate food reasonably close to its nest both the eagle's survival and reproductive ability are endangered. Under the current management plan, natural populations of eagles will be jeopardized by stream sedimentation caused by logging and by elimination or alteration of 90 percent of the eagle's nesting and perching habitat (The Wilderness Society, 1986). The harvest level must be reduced to protect the bald eagle.

Salmon

Five species of salmon--king, sockeye, coho, pink, and chum--live in the waters in and around the Tongass and are the primary fish of Alaska's commercial fishing industry. These fish, along with steelhead, cutthroat, and dolly varden char are also important for subsistence and sport fishing. Timber harvest results in the degradation of fish habitat and erodes the $60 million per year commercial fishing industry of Alaska.

Timber harvesting raises the temperature of the water in streams in the area being cut, a change which can be lethal to juvenile and adult salmon populations. Adverse changes in stream flow also occur. Deficiencies in dissolved oxygen due to more organic matter in the water during timber harvesting also can be lethal to the fish. Stream sedimentation from logging and road construction reduces food supplies and disturbs spawning areas.

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STATEMENT OF BROCK EVANS

VICE PRESIDENT FOR NATIONAL ISSUES

NATIONAL AUDUBON SOCIETY

SUBMITTED FOR THE RECORD

BEFORE THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

SUBCOMMITTEE ON PUBLIC LANDS

IN FAVOR OF S.346 - THE "TONGASS TIMBER REFORM ACT"

OPPOSING S. 237 "A BILL TO REFORM THE TONGASS TIMBER SUPPLY FUND"

FEBRUARY 28, 1989

Recycled Paper

Thank you very much for the opportunity to submit this testimony on behalf of the National Audubon Society. As you know, the Society is one of the nation's largest environmental organizations. It is on behalf of our 550,000 members, organized into over 500 chapters across the nation -- including three chapters in the state of Alaska -- that I submit this testimony and request it be made a part of the record for the February 28, 1989 hearing.

The National Audubon Society has participated vigorously in the many efforts of the American people to protect the superb wilderness, scenic, and wildlife treasures of Alaska. Our individual members and leaders were active in the creation of some of the early Alaska National Parks and Wildlife Refuges, and we were a major part of the Alaska Coalition, which sparked the drive to secure passage of the Alaska National Interest Lands Conservation Act of 1980. We maintain a full time office in the state, and thousands of our members have come to know firsthand the glory, beauty, and richness of the Alaskan wilderness.

It is against that background of long involvement and deep concern for the future of these resources that we give strong support to S.346, introduced by Senator Tim Wirth. Essentially, the Tongass Timber Reform Act would repeal Section 705(a) of the Alaska National Interest Lands Conservation Act (ANILCA), require the Forest Service to replace the two long-term timber contracts on the Tongass with short term timber sales, and place a logging moratorium on 23 areas of great importance to wildlife, fish, and other resource users. For the record, we support the legislation with one reservation: the 23 areas deserve permanent protection through inclusion in the national wilderness preservation system rather than the proposed temporary moratorium.

Section 705(a) was inserted by the Senate into ANILCA at the very last stages of negotiation, on a "take it or leave it" basis, without hearings and with no chance for public input. Contrary to what may have been said, Mr. Chairman, this was a "deal" that we opposed at the time, and have continued to oppose. That is why we favor repeal of Section 705(a).

As other witnesses have pointed out to you, Section 705(a), along with the 50-year contracts, essentially commits nearly all of the remaining unprotected old growth virgin forest of the Tongass National Forest in Southeast Alaska to the primary single use of logging -- regardless of the wildlife and fisheries values, regardless of the recreation and tourism potential, regardless of the needs and wishes of local residents, regardless of the long term future of Southeast Alaska, and regardless of the cost to the U.S. Treasury -- the superb virgin rain forests of the Alaska panhandle are to be logged because of these provisions.

Why is this so? It is because Section 705(a) directs the U.S. Forest Service to make available 4.5 billion board feet from the Tongass National Forest per decade, and establishes a permanent appropriation, entirely outside of the normal budgeting and appropriations process of the Congress, to accomplish this goal.

After eight years of operation, we have now had an opportunity to see the effects of this legislation: hundreds of miles of new logging roads have been pushed through the forests and across the land, even into the remotest, most scenic, and wildlife rich bays and coves, tens of thousands of acres of virgin old growth forest have been decimated due to the incredible subsidy granted by Section 705(a); crucial habitat for the Sitka black-tailed deer, the grizzly bear, and the murrelet -- all of which, in whole or in part, depend on the maintenance of a viable forest ecosystem for survival -- has been destroyed for our lifetimes, and beyond. Indeed, the resulting destruction of areas once highly valued for other uses has been so great that there is a rising chorus of protest among residents of Southeast Alaska itself -- the very region alleged to benefit by this provision.

To date, the key provisions of Section 705(a) are opposed by 16 Southeast Alaska communities, the region's major commercial fishing organizations, and all environmental organizations. The Alaska Department of Fish and Game (ADFG), the foremost guardian of fish and wildlife in the Tongass National Forest, has actively protested numerous timber sales and road building activities in key drainages, which were spawned by the implementation of Section 705(a).

Compounding the outright environmental damage and destruction of the local way of life for many Southeast Alaskans is the fact that this is an enormously expensive and wasteful program for the national government. As others, many of whom are not "environmentalists" I might add, will explain at some length during the course of these hearings, the provisions of Section 705(a) have resulted in the needless expenditure of millions of federal dollars for the Forest Service's massive timber program.

Furthermore, mandates such as the 4.5 billion board foot supply requirement in Section 705 tie the hands of the Forest Service. When asked by the Senate Energy Committee if it advocated legislating harvest goals such as the one in Section 705 as a standard management tool for the agency, the Forest Service responded: "As a general rule, no. Legislation with specific management direction reduces our flexibility to respond to changing market conditions." (S. Rpt. 100-548, page 487).

To put it succinctly, we believe that the case is overwhelming in favor of repeal of Section 705(a). Its major purpose was to protect the timber economy in Southeast Alaska, especially the jobs of the individuals who depended on it. But this has not worked, in spite of the enormous subsidy: employment has dropped since implementation of Section 705(a): from 2,700 in 1981 to only 1420, in 1986, according to the U.S. General Accounting Office (GAO). The GAO comments: "In retrospect, the Forest Service has not needed the added investment strategy to meet reduced demand for Tongass timber...from 1982 through 1986 the Forest Service could have met total demand solely through its normal investment program."

The National Audubon Society believes that it is time to face up to the mistakes made, with all good intentions, by the Forest Service in the past. The historic source of the degradation taking place on the Tongass is to be found in the long-term contracts which the Forest Service established with the present two pulp mills back in the 1950's. At that time and through that vehicle, the Forest Service essentially allocated the southern and most of the northern portion of the Tongass to single-use logging. While the agency professed adherence to multiple use principles, by the mid-1960s it was apparent that an old growth "high grading" operation of massive proportions was underway.

This was confirmed in July 1968 when, in a personal conversation, then-Supervisor Howard Johnson said to me that the Forest Service goal was an allowable cut of 800 million board feet per year, and that they were very nearly "there." This was even without the presence of the extremely controversial Admiralty Island logging and milling operation proposed and being actively promoted by the Agency at that time.

If the Forest Service had succeeded in its efforts to allocate the forest resource by letting three long-term contracts instead of the present two, there would be almost nothing of wildlife or recreation value to talk about today, so great were the overestimates of good timber actually out there. Now, with the sad vision of history and hindsight, we have come to realize that even two such contracts are two too many; that there was far more of wildlife value destroyed and far less really valuable timber available than was ever foreseen in those wishful-thinking days.

And it is for this reason that the National Audubon Society has long believed that environmentally-responsible management of the Tongass's unparalleled natural resources is impossible as long as these contracts remain in place.

It is time to admit that the contracts, though offered with all good intentions, were a mistake. At the same time they drain the U.S. treasury, they continue to destroy one of the most beautiful and spectacular environments anywhere on earth.

For an unprecedented 50 years, they have given the two pulp mills, Ketchikan Pulp Compnay and the Japanese-owned Alaska Pulp Corporation, control over two-thirds of the commercial forest land that exists on the Tongass.

Many of the finest stands of old-growth temperate rain forest remaining in North America are found within these areas. Extensive stands of large, old-growth forest are absolutely essential to wildlife and fish, and to the non-timber industries -- commercial fishing, recreation, and tourism -- that rely on these natural resources. But under the terms of the contracts, nearly all of this rare forest is dedicated to logging, regardless of these other values.

The contracts directly hinder the Forest Service's ability to manage the Tongass as it should be managed: for multiple use. While Audubon last year supported the intentions behind the contract renegotiation required by H.R. 1516, experience has shown that past efforts to modify them have largely failed. The contracts predate almost all of the national guidelines which direct modern Forest Service management, including most notably, the National Forest Management Act of 1976. Though Congress has ordered the Forest Service to comply with the provisions of this legislation in the Tongass, the Forest Service claims it cannot because of the 50-year contracts. Given its rich wildlife habitat and scenic beauty, the Tongass should be the first to be in compliance with modern environmental laws; certainly not the last, as it now is.

Even more absurdly, the contracts require the Forest Service and the U.S. government to spend millions of dollars to help the two mills lay waste to an unparalleled ecosystem. In addition to building hundreds of miles of logging roads for the mills, the Forest Service is obligated to give them timber at prices far below Forest Service costs and even further below market values. Besides undervaluing rare old-growth trees, the below cost sales necessitated by the contracts ensure that other forest values are not taken into account.

The 50-year contracts and Section 705 of ANILCA have failed to serve their purpose of providing for a stable regional economy in southeast Alaska. Instead, they detract from employment in larger regional industries like commercial fishing and tourism, endanger wildlife that has the Tongass as one of its last strongholds, and gradually destroy a national treasure. These are strong words, Mr. Chairman--but no stronger than the sad reality out there on the ground.

In 1987, at hearings on this same subject before the House Interior Committee, we pointed out that clearcutting replaces diverse, uneven-aged stands having high habitat value, with clearcuts and even-aged second-growth stands of low diversity and low value for many wildlife species. Based on present knowledge, it is not possible to significantly enhance second-growth forests for wildlife. Two hundred to 300 years are needed for second-growth forests to naturally acquire the characteristics of old-growth forests, which are essentially a nonrenewable resource.

In Southeast Alaska, old-growth forests provide critical winter habitat for Sitka black-tailed deer. Under current logging plans, about half of this habitat will be lost forever by the end of the first 100-year rotation or cutting cycle. As a result, deer populations will be severely reduced.

Another wildlife species of national concern and importance is the grizzly bear. While millions of taxpayer dollars are being spent to save the few hundred grizzlies that remain in the American West, millions are being spent to destroy grizzly forest habitat in Southeast Alaska. Recent studies by the Alaska Department of Fish and Game show that the bears utilize old-growth forest stands for escape cover, feeding, and denning. Road building divides up grizzly bear habitat and bisects seasonal migration corridors. Studies in other parts of the country show that grizzly bears have learned to avoid roads since that is where they are commonly shot. They are also shot at or near logging camps. Scientists estimate that bears killed in defense of life and property around logging camps in Southeast Alaska could make up as much as 10 percent of the reported kill. John Craighead, in his nationally renowned studies of grizzly bears in the West, suggested that human-induced mortality associated with logging was one of the major causes of grizzly population declines.

To sum up, Section 705(a) and the contracts have certainly ruined many parts of the Tongass forest, one of the most beautiful and spectacular environments anywhere on earth. Uninhabited islands and drainages have been opened up; rivers have been silted; crucial habitat for important animal and bird species has been eliminated; wilderness has been destroyed.

But there is something else. Southeast Alaska is probably the least known part of that magnificent state, and yet, in the opinion of many -- certainly myself -- it is probably the most beautiful. About the size of the state of Indiana, its spectacular combination of high peaks and glaciers literally rising out of the sea, its abundance of sparkling fish-filled rivers, its awesome populations of eagles and bears, its superb remaining carpet of dark green forests -- all amount to one of the great scenic, wilderness, and wildlife treasures of this entire planet. It is clear that the economic future of Southeast Alaska lies not in heavily subsidized timber operations which continue to lose money and jobs. The future rather lies in tourism and the fishing industry, and a timber industry geared to a local, not a world, economy.

We believe it is time to face up to the facts and admit that the Forest Service made a great mistake by soliciting and entering into these contracts some three decades ago.

But this mistake can be undone. And now, as we are exploring the whole question of future directions for the Tongass National Forest, it is time to begin to walk down a new path for Southeast Alaska, one which will not require such waste of money and environmental damage.

This new path should include protection for many of the key old growth drainages that remain. While Audubon would like to see protection of a more permanent nature, we can support a moratorium on logging in the 23 areas proposed pending development of the next Tongass Land Use Management Plan.

Even if all 23 areas were protected permanently, the scheduled timber base would be reduced only 11%--from 450 million board feet per year to 400 million board feet per year. The average amount of timber sold from the Tongass from 1980 to 1988 was 285 million board feet per year. Thus, full protection for all 23 areas would still leave an average surplus of 115 million board feet per year.

In the end, repeal of Section 705(a), coupled with a termination of the remaining 50 year contracts, and protection of additional areas, would go a long way toward restoring the economic, social, and environmental equilibrium in Southeast Alaska. This is one of the last strongholds of the grizzly bear. It is the last stronghold of our national emblem, the bald eagle. It is our last opportunity to provide permanent protection to the finest old growth coastal rain forest in the country. The Tongass National Forest contains our most superlative wilderness, some of our grandest scenic spectacles, and offers a wonderful way of life and hopes of a prosperous future to those who take advantage of its abundant renewable, truly renewable, natural resources.

Audubon opposes the bill introduced by Alaska Senators Frank Murkowski and Ted Stevens. S. 237 will not solve the fiscal or environmental problems of the Tongass. A legislated "allowable sale quantity" of 4.5 billion board feet per decade would allow the Forest Service to demand funding sufficient to prepare that quantity. S. 237 would camouflage continued waste of tax dollars.

Let us, then, take action--now--to realize the full promise of southeast Alaska. This promise lies not in the bankrupt provisions of Section 705 which only damage or destroy the region's recreation, fisheries, wildlife and scenery, for a dubious benefit to a declining pulp industry. S.346, the Tongass Timber Reform Act, takes us a long step toward a better future by requiring measures designed to restore balance and equilibrium among all uses. We urge you to support it.

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WRITTEN TESTIMONY OF MIKE MATZ
ALASKA ASSOCIATE FIELD REPRESENTATIVE
SIERRA CLUB

FOR THE
PUBLIC LANDS, NATIONAL PARKS AND FORESTS
SUBCOMMITTEE
OF THE
SENATE ENERGY AND NATURAL RESOURCES
COMMITTEE

FEBRUARY 28, 1989

"When we try to pick out anything by itself, we find it hitched to everything else in the universe." *John Muir*

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The Sierra Club wishes to submit this written testimony for the record of the Public Lands Subcommittee hearing on the Tongass National Forest held February 28, 1989. The Sierra Club is a national conservation organization with more than 500,000 members, including a healthy Alaska Chapter, with groups in Juneau, Fairbanks, and Anchorage. Reforming management practices on the Tongass Forest is an important Sierra Club priority.

The Sierra Club supports S. 346, legislation sponsored by Senator Wirth, along with 19 cosponsors, and opposes S. 237, a bill sponsored by Senators Murkowski and Stevens.

The Tongass National Forest in Alaska is not only the country's largest and wildest forest, it unfortunately happens to be the most abused and mismanaged unit. If the Tongass will be able to continue to be described in such terms as "endless rhythm and beauty," as John Muir characterized the forest over a hundred years ago, then significant reform measures need to be enacted soon.

S. 346 embodies many of the changes necessary to accomplish the goal of putting the Tongass on equal footing with other units in the national forest system. This legislation would completely repeal Section 705 of the Alaska Lands Act, thus eliminating the annual give-away of $40 million or more and abolishing a misguided mandate to provide 4.5 billion board feet of timber per decade. Basic common sense argues that in these tight budgetary times a "blank check" should not be given for such a huge federal subsidy, but instead this appropriation should be made through the normal appropriations process of Congress. Driving the wasteful spending, according to a General Accounting Office report which found that the Forest Service squandered $131 million from 1981 to 1986 by offering timber when industry had no interest, is the "rigid per decade requirement." Under S. 237, an inflexible planning requirement of 4.5 billion board feet per decade is mandated.

Jobs are the rallying cry behind which the timber industry attempts to protect its free yearly fix -- an automatic subsidy that would be the dream of any private industry. As the GAO and others have pointedly demonstrated, the huge injection of federal cash has done little to maintain jobs. Despite $257 million spent between 1981 and 1986, GAO reports that timber jobs during that same period declined nearly 50%, from 2700 in 1981 to 1420 in 1986, primarily due to a poor market for pulp. Currently, only 1781 people are directly dependent on Tongass timber. At Congressional Oversight Hearings in May 1986, the Forest Service in response to questioning by Rep. Don Young stated, "Given the reduced demand for Alaska sawn products in export markets since 1981, no amount of ANILCA investments could have maintained the timber industry employment at historic levels." Meanwhile, the two mills have shown their sincere concern for jobs with bitter labor disputes and union-breaking over the last several years.

Instead of protecting the jobs of Alaskan timber workers, the legislatively-mandated funding and timber supply have meant fiscal waste: millions spent on roads that no one uses and timber sales that no one buys. But repealing Section 705 is only the first step in providing satisfactory reform.

A vital second step is the termination of two anachronistic 50-year contracts the Forest Service holds with two pulp companies, and their replacement with the system of short-term, competitively bid timber sales used on all other national forests. The travesty brought about by the 50-year contracts is well documented. It is wise to consider the words of former House Public Lands Subcommittee Chairman John Seiberling, who chaired oversight hearings on the Tongass in the 99th Congress. In reference to the contracts he said:

> I don't feel that either Louisiana Pacific or APC [Alaska Pulp Corporation] have any equity left in their claim that they came over here to make an investment based on the 50-year contracts. Their conduct, squeezing small people out of business, violating our antitrust laws, has long ago eliminated any moral claim they had for the continuation of that....It seems to me that the best thing to do would be to scrap the contracts and put APC and Louisiana Pacific on the same basis as everybody else.

The Sierra Club believes that the contracts must be terminated and replaced with short-term timber sales. They are the bedrock for a host of environmental and social problems plaguing the Tongass today. The two long-time timber contracts give unprecedented domination of Tongass Forest management to Louisiana Pacific-Ketchikan (LPK) and Alaska Pulp Corporation (APC). Together, LPK and APC control one-third of the Tongass land area and two-thirds of the commercial forest land. Although these contracts predate the

Multiple Use Act and the National Forest Management Act, the Forest Service has yet to bring them into compliance with those laws.

In 1981, these companies were found guilty in federal district court of conspiracy in restraint of trade, collusion, and anti-trust violations. The court ruled that they had conspired to run independent loggers operating in the Tongass out of business and bilked the government out of $80 million in timber receipts. They had assumed control of over 90% of the Tongass-based timber processing industry, a position they continue to enjoy today.

In the third important step toward responsible stewardship of this unique and dynamic forest is the permanent protection of valuable old growth rainforest. We believe that the 23 areas for which S. 346 prescribes a moratorium on logging until the Tongass Land Management Plan (TLMP) is revised should be designated wilderness by Congress.

Although the Chief of the Forest Service admits that ANILCA "certainly doesn't mandate a harvest," the Forest Service is spending the money to build "advance roads" [or "pre-roads" which the Forest Service has now taken to calling "public work roads"] in pristine wild drainages in order to gain access to still more unnecessary timber sales. Many foresters privately admit that they are merely following an unwritten agency direction to road every unlogged drainage possible by 1989, the year the Forest Service may consider new wilderness and roadless designations.

This unwritten policy is clearly explained in a letter from Interior Committee Chairman Morris Udall to then-Secretary of Agriculture Richard E. Lyng on July 31, 1986:

> ...according to its own Tongass Land Management Plan Evaluation Report, the Forest Service built roads into nearly one-fourth of all the roadless value comparison units (VCU's) in land use designations III and IV between 1979 and 1984. Assuming a 100-year timber rotation, this indicates the Forest Service has been following a timber road construction policy that is neither prudent forestry nor prudent multiple use management.
>
> At the current pace, roads will be built within another 15 years in virtually every roadless area on the Tongass. Under standard practices for harvesting the Tongass on a 100-year rotation, it should be many decades before all management areas would need to be roaded. It appears, therefore, that the Forest Service is constructing new roads into roadless watersheds at a rate far in excess of that which is necessary.

The Forest Service not only systematically plans to preclude the opportunity to protect as wilderness key wildlife and fisheries habitat by "pre-roading," or building unnecessary roads that lead to nowhere; the agency also hopes to liquidate high-volume old growth as expeditiously as possible. Past cutting and current forest plans target a disproportionate amount of high-volume old growth for logging. While TLMP called for 27 per cent of logging to come from low volume stands, only about 15 per cent of industry logging has come from low volume stands since 1981. High quality old growth Sitka spruce, which comprises only 12 to 14 per cent of the total timber volume, has been logged at twice the rate it occurs.

The Tongass Forest cannot stand this multi-pronged attack on its integrity if it is to support valuable wildlife and fisheries habitat. Many significant sectors of the the economy in Southeast Alaska depend on old growth forest. According to the Forest Service, 90 per cent of all salmon harvested in southeast Alaska were spawned and reared in the watersheds of the Tongass. Standing dead snags and trees are an essential component of the structural diversity which supports nesting of 26 species of birds. The varied growth rates and ages of trees found in old growth stands are key to the success of deer populations.

The importance of these natural resources to commercial fishing, tourism, and subsistence economies cannot and should not be understated in the debate over whether to designate key areas as wilderness. Such permanent protection will ensure that these resources endure, and we urge the committee to afford wilderness designation to those important areas that now are placed in a moratorium by S. 346. A temporary moratorium until TLMP is revised means valuable habitat is left to the whims of an agency with a proven record of emphasizing tree farming and harvesting to the detriment of other resources.

In considering this recommendation, the committee should not be swayed by claims that a deal is a deal, or assertions that Section 705 was a payment for existing wilderness. There was no deal. Section 705 emerged after closed door sessions in the final days before passage and no representatives of environmental organizations participated. The existing wilderness consists primarily of areas with no timber value whatsoever. The most important old growth forest found in the Tongass is the biologically rich, high-volume old growth which exceeds 50,000 board feet per acre in density. Less than five per cent of these ancient stands is protected in wilderness.

The time has come to remedy years of mismanagement of the country's biggest and best of the national forests. The grandeur and mystique John Muir felt so profoundly as he traveled the inside passages of Southeast Alaska over a century ago should not succumb to a federally subsidized program of waste that fails to accomplish what it was intended to do. The committee should end the senseless practices of the Forest Service by acting quickly and favorably on S. 346, and by adding language to protect 23 key areas permanently.

NATIONAL TAXPAYERS UNION

A NONPARTISAN, NONPROFIT ORGANIZATION DEDICATED TO THE PUBLIC INTEREST

325 PENNSYLVANIA AVENUE, SOUTHEAST WASHINGTON, DISTRICT OF COLUMBIA 20003 TELEPHONE AREA CODE (202) 543-1300

Senate Energy & Natural Resources Committee
Subcommittee on Public Lands, National Parks & Forests

Testimony Submitted for the Record

on

Tongass Timber Reform Act

March 9, 1989

THE AMERICAN TAXPAYER ACTS THROUGH NTU

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to enter this statement into the hearing record. My name is Jill Lancelot. I am Director of Congressional Affairs for the National Taxpayers Union. NTU is a non-profit, non-partisan public interest organization dedicated to balancing the federal budget and eliminating wasteful government spending. NTU has 210,000 members nationwide.

NTU endorses S. 346, the Tongass Timber Reform Act, introduced by Senator Tim Wirth. NTU believes that S. 346 is our best hope for rectifying a grevious wrong, both to the taxpayer and to a valuable natural resource in the Tongass National Forest of Southeast Alaska.

Federal law requires the U.S. Forest Service to manage the national forests for multiple use, yet,in practice, most of the agency's budget and staff are focused on timber production. A growing body of evidence suggests that faulty Forest Service management, particularly in the Tongass, is annually wasting tens of millions of federal dollars, while promoting the destruction of thousands of acres of forest valuable to a wide range of other users.

It is our understanding that in Southeast Alaska, commercial fishing and the outdoor recreation and tourism industry are commercially viable and their contributions to the regional economy are growing. In 1988 the value of commercial salmon to fishermen (before processing) in Southeast Alaska alone was $139 million. The tourism and recreation industry is still the fastest growing sector of the economy in Southeast Alaska. Employment in each of these two industries far exceeds the direct national-forest related timber employment in the region.

Yet the long-term viability of those industries is seriously threatened by continuation of the federally-subsidized welfare timber industry. And despite massive infusions of federal dollars, timber industry employment from the Tongass has declined due to market fluctuations and technological advances.

I use the expression "welfare timber industry" advisedly. Working from published Forest Service and Alaska Department of Labor reports, we calculate that the amount of federal subsidy for each direct timber job in the Tongass has averaged from $24,000 to $38,000 over the last few years, the amount depending on which accounting assumptions are used in determining Forest Service timber preparation losses.

In recent years those losses have averaged 59 cents to 99 cents on the dollar. Under a new accounting system implemented by the Forest Service, costs like road-building are amortized over unrealistically long periods — 150 to 200 years — to make the deficits appear smaller. But the fact remains that in 1988 the Forest Service spent approximately $42.5 million and took in only $1.2 million on Tongass timber sales. From 1982 to 1988, total Forest Service expenditures on the Tongass amounted to $386 million, while total timber receipts were only $32.4 million.

We believe that S. 346 will begin to restore fiscal accountability because it would repeal Section 705 of the Alaska National Interest Lands Conservation Act (ANILCA). It would terminate the unprecedented 50-year contracts with the two Southeast Alaska pulp mills and replace them with short-term, competitively bid timber sales.

Section 705(a) of ANILCA established the Tongass Timber Supply Fund, a guaranteed subsidy of "$40 million or as much as the Secretary of Agriculture deems necessary," to support timber harvesting on the Tongass. This expenditure is exempt from the usual appropriations process and is immune from any administrative rescissions.

A 1988 study by the General Accounting Office shows that this attempt by Congress to control the economics of a private industry has failed. The GAO found:

* Between 1981 and 1986, of the $257 million spent through the Tongass Timber Supply Fund, $131 million went to prepare timber sales which were not needed to meet current demand and were not purchased.
* Despite this lavish spending, industry employment declined in the same period from about 2,700 jobs to 1,420 jobs.

These findings expose the flaw in the industry's argument that the program is necessary to preserve jobs.

The GAO report goes on to say: ". . . volume of timber harvested — and the resulting employment — depends primarily on the market's demand for timber, not on its availability. Maintaining employment by ensuring supply, as Section 705(a) . . . attempt(s) to do, will not be successful under all market conditions."

The GAO report recommends that Congress revise Section 705(a) to provide the Forest Service with more flexibility to supply timber under varying market conditions. The National Taxpayers Union agrees and encourages your subcommittee to report Title I of S. 346 unamended.

The NTU also endorses terminating the two 50-year contracts, and replacing them with short-term, competitively bid timber sales. While originally the contracts may have served the public interest, conditions have changed and we believe these contracts lie at the heart of the fiscal and resource waste afflicting the timber program on the Tongass. Replacing these "sweetheart" deals with competitively bid, short-term timber sales serves the taxpayer and the public interest.

Replacing the 50-year contracts would put management of the Tongass on the same terms as all other national forests in the country. No longer would the pulp companies run the forest; timber would be sold through competitively-bid, short-term sales. The return to the Treasury in the form of stumpage payments would likely increase significantly. And access to the forest's timber would be re-opened to other users; independent logging operations would again have the chance to operate on the Tongass.

We are not unsympathetic to the individual loggers in Southeast Alaska. The bill would not prevent the mills from continuing to purchase Tongass timber in quantities equal to or even greater than recent historical levels.

But the key here is that they would have to buy the timber at competitive rates, and the Forest Service would have more flexibility in managing the sales to ensure the greatest all-around benefit.

Due to a strong market, currently dissolving pulp prices are at an all-time high. Yet, because of terms of the 50-year contracts, the mills are paying prices as much as 90 percent below what they paid in 1981.

Another point to remember is that only about half the timber produced in Southeast Alaska comes from the national forest. Alaska Native corporations are major timber producers, and they have to export their sawlogs, while leaving much of their pulp logs to rot on the ground, because the two mills get their supply virtually for free from the government.

In some cases Native corporations derive less revenue from the sale of their high-value timber than they do from the sale of their net operating losses to other corporations seeking a tax break. Net operating loss sales result in less tax money flowing to the federal treasury from corporations outside the region. The government-subsidized monopoly of the fifty-year contracts in the Tongass is part of the cause.

According to a recent statement by an official of Sealaska, the largest Native corporation in the region, efforts to invest in a diversified forest products industry there have been thwarted by conflicts created by the long-term contracts.

I would like to address the bill (S. 237) introduced by Alaska Senator Frank Murkowski. NTU applauds the fact that Sen. Murkowski recognizes there is a serious problem on the Tongass and has taken a first step to address it. Unfortunately, this bill does not go nearly far enough. Merely removing the automatic appropriation leaves in place the mechanisms — the timber supply goal and the 50-year contracts — which drive the current economic problems in the Tongass.

The language in Sen. Murkowski's bill pertaining to the allowable sale quantity retains the goal of 4.5 billion board feet per decade. If anything, it locks it in tighter by employing a term of art — allowable sale quantity — that gives the Forest Service very little choice but to keep uneconomic timber in the timber base.

The National Taxpayers Union urges the subcommittee to give full support to S. 346. We thank you for this opportunity to express our views.

JL3:45

February 27, 1989

Senator J. Bennett Johnston
Chairman, Senate Energy Committee
U.S. Senate
Washington, D.C. 20510

Dear Senator Johnston,

I would like to submit the following written testimony concerning Senate Bill 346, the Tongass Timber Reform Act, and would ask that it be made part of the record of the hearings being held on the bill. I am a professional biologist (Ph.D. in Zoology); I lived in Southeast Alaska for three years while employed as a wildlife biologist for the U.S. Forest Service.

As a biologist, I find the provisions of Sec 705(a) of ANILCA to be completely incompatible with the national goal of multiple-use forest management and timber production. Moreover, I feel that the current management of the Tongass Forest is as economically wasteful as it is ecologically disastrous. It is simply inconceivable to me that at a time of a severe budget deficit, this nation is subsidizing below-cost timber sales on the Tongass at a cost of at least $40 million per year. Even if this subsidy met the employment goals for which it was intended, I would find this outlandishly wasteful. Given that it may harm the economy of Southeast Alaska, that it definitely harms the national economy, and that it seriously degrades the environment, I feel that the Committee should support and strengthen S. 346.

In an attempt to build and secure stable employment in the timber industry in Southeast Alaska, the Forest Service and Congress have provided incentives and subsidies to operators in the Tongass National Forest that are unique in the history of National Forest management. First, in the 1950's, the Forest Service entered into four (two remaining) 50-year contracts with timber companies. These contracts now provide the Alaska Pulp Company and Louisiana Pacific Ketchikan sole access to 2/3 of the timber in the Tongass and guarantee that "economic timber" will be provided. Second, in 1980, Sec 705(a) of ANILCA established a goal of the production of 4.5 billion board feet of timber from Southeast per decade (450 million board feet (mbf) per year) and provided a fund of $40 million, not subject to annual appropriations, to make that timber available. These actions:

1) Prevent the Forest Service from meeting the multiple-use requirements of the National Forest Management Act.
2) Prevent the establishment of modern sustainable forest practices in the Tongass.
3) Result in a staggering waste of tax revenues that is counterproductive in terms of the goals of secure,

stable employment.

Complete "reform" of forest practices in Southeast would involve both the repeal of Sec 705(a) of ANILCA and the termination of the 50-year contracts. Senate Bill 346 would achieve these ends and place 23 key commercial fishery watersheds and wildlife habitat areas under a temporary moratorium from logging.

S. 346 is clearly in the national interest on economic grounds. The expense incurred in providing below-cost timber is beyond reason from a national perspective. According to the Congressional Research Service, between 1970 and 1984 the Forest Service spent $375 million on sales in the Tongass and received only $62.5 million in revenues from the sales. Between 1982 and 1985, the Forest Service spent $253 million and received only $2.9 million. The Forest Service estimates that Tongass timber management will lose $5 million over the next five decades. Based on the estimated employment of 2,300 workers in the timber industry in Southeast, these losses alone could supply each worker with $43,478 per year for the next five decades. The Chief of the Forest Service has noted that even if the Forest Service were to cut and deliver the trees to the mills free of charge, the timber companies would still lose money.

The justification for these below-cost sales is that they provide jobs in Southeast Alaska. This argument, however, is seriously flawed. S. 346 will not reduce employment in Southeast and will, in fact, probably increase in employment. First, private lands (held by Alaska native corporations) are now the source of a large timber harvest in Southeast. The repeal of subsidies to operators on federal land would improve the employment situation on private lands. Second, Employment in the timber industry ranks third, behind tourism and commercial fishing, in Southeast Alaska. The timber industry is an indirect competitor with these industries by virtue of the aesthetic impacts of logging (detrimental to the tourism industry) and the impacts of logging on salmon spawning grounds (detrimental to the fishing industry). Thus, even if the net effect of S. 346 were a reduction in timber employment in Southeast, it would be balanced by an increase in employment in the other industries. Finally, cancellation of the 50-year contracts could have a beneficial effect on the job situation in Southeast by improving the competitive ability of other timber companies. For example, in 1981, the Reid Brothers Logging Company (no relation) won an anti-trust suit against APC and LPK. One last economic defense of the subsidy might be that it is desirable from the perspective of balance of trade; however, if this is a goal of the subsidy other forests would provide much more cost-effective returns.

Strictly speaking, national goals such as the preservation of genetic diversity could be met without reforming timber management on the Tongass, since several protected areas do exist in the forest. However, in order to comply with the basic provisions of sustained forestry and multiple-use management in the NMFA, reformation is essential. Moreover, to meet environmental considerations at a state and local level, federal action is clearly warranted. The Forest Service provides 450 mbf per year to timber companies; only a portion of that (roughly

50%) is harvested. Timber companies bid only on the highest value timber (high-volume old growth), thereby strongly skewing the harvest toward the high-volume classes. To maintain the supply of 450 mbf per year to the timber companies, the high-volume classes will be rapidly lost. The effects of this are:

1) Serious impacts on fisheries due to logging in major river drainages.
2) Serious impacts on wildlife populations due to the dependence of several important species on high-volume old growth habitat (i.e. Sitka blacktail deer, Vancouver Canada Goose).

Moreover, one of the major means of using the Tongass Timber Supply Fund to support the timber industry has been to "pre-road" areas that will be offered for sale, thereby lowering the costs of harvesting the timber. Even though less than 450 mbf per year are logged, the Forest Service attempts to pre-road sufficient area to supply the entire goal. Consequently, areas that may not be logged for decades -- if ever -- are degraded in terms of fisheries and wildlife values and destroyed in terms of wilderness.

S. 346 is not anti-timber industry. It would strengthen the position of other timber companies by placing Alaska timber products at their fair market value. Given the current federal budget deficit, it would be irresponsible to incur the losses in the Tongass even if they met the stated employment goals in an environmentally sound fashion. However, the employment "benefits" of current Tongass policy represent, at best, only a shift of jobs from other sectors to timber and, at worst, may represent a cost in timber jobs. Thus, I urge the committee to support S. 346.

Sincerely,

Dr. Walter V. Reid
1900 Biltmore Street N.W., #2
Washington, D.C. 20006

A Turning Point for the Tongass

Statement of the Natural Resources Defense Council
in support of S. 346,
the Tongass Timber Reform Act of 1989

Submitted to the Subcommittee on Public Lands, National Parks
and Forests, Committee on Energy and Natural Resources

by

Justin R. Ward
Senior Project Associate

March 14, 1989

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Introduction

The Natural Resources Defense Council (NRDC)[1] strongly supports S. 346, the Tongass Timber Reform Act of 1989. We urge the Energy and Natural Resources Committee to approve this legislation swiftly with strengthening amendments extending wilderness protection to certain important areas of the Tongass.

The Tongass National Forest spans nearly 17 million acres of the Alaskan "panhandle." It is far and away the largest national forest. S.346 would do much to promote wise stewardship of this vast resource; we emphatically agree with Senator Wirth that reform of timber practices on the Tongass is "in the broad public interest and must be done to protect the natural resources of the Tongass National Forest."[2]

Specifically, the legislation ends the "Tongass Timber Supply Fund," an unprecedented and failed employment subsidy; removes exemptions allowing deviation from sound national forest management; mandates termination of unconventional and anticompetitive timber contracts; and defers logging in sensitive areas critical to fish and wildlife. All of these reforms will enhance substantially the public interest, as detailed below.

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[1] NRDC is a non-profit organization with more than 100,000 members and contributors. Through its forestry program, NRDC promotes wise public stewardship of the Tongass and the entire National Forest System.

[2] S. 346, 100th Cong., 1st Sess., 135 Cong. Rec. S1104 (Feb. 2, 1989).

Taxpayer Savings

Section 101 of S. 346 repeals section 705(a) of the Alaska National Interest Lands Conservation Act (ANILCA). This will remove the entitlement for "at least $40 million annually" to furnish wood mills in Southeast Alaska with timber extracted from the Tongass. In place of the permanent fund, the Forest Service's commercial timber program in Southeast Alaska would be subject to regular annual appropriations, just as in the other national forests.

This should enable substantial savings for the federal Treasury. A General Accounting Office (GAO) report issued last April found that the agency spent approximately $257 million from the Tongass Timber Supply Fund during fiscal years 1981 through 1986.[3] Some $131 million, more than half the total outlays, were completely wasted in the preparation of sales that no one was willing to buy.[4] In today's strained fiscal climate, there is simply no justification for a statutory provision that so arbitrarily flushes taxpayer funds down the drain.

Even the substantial federal investment in offering Tongass timber that is purchased perpetuates massive financial shortfalls. Because of the forest's remote location and related constraints, the Forest Service chronically does not come close to recovering its costs in making timber available to industry. A 1986 study published by The Wilderness Society found that U.S. taxpayers incurred sizable losses from Tongass timber sales in every year from 1977 through 1984, particularly in 1983 and 1984, when Forest Service expenditures exceeded sale receipts by well over $50 million annually.[5] In those two years, the Treasury took back less than 10 cents for each federal dollar spent to sell and access timber in Southeast Alaska.

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[3] U.S. General Accounting Office, Tongass National Forest: Timber Provision of the Alaska Lands Act Needs Clarification 21, 36 (GAO/RCED-88-54) (April 1988).

[4] Id. at 3-4, 36.

Significant budgetary savings may result also from section 104 of S. 346, which requires termination of the 50-year timber purchase contracts currently held by Louisiana Pacific/Ketchikan (LPK) and the Alaska Pulp Corporation (APC). These contracts, unique to the National Forest System, were originally designed to attract wood processing investments to Southeast Alaska but, as discussed below, have only failed to produce a sustainable industry. Instead, they have fostered unjustified subsidies and anticompetitive practices.

In particular, special rate redeterminations under those contracts have prevented the federal government from obtaining fair market returns on its timber sale investments in the Tongass. For example, APC has been paying an astonishingly low $1.48 per thousand board feet of Tongass timber since 1982, notwithstanding substantially higher prices paid by independent loggers in the region.[6] In addition, in its 1981 ruling in the Reid Brothers case, a U.S. District Court found that APC and LPK had engaged in a remarkable and extensive conspiracy to restrain market competition for timber from the Tongass.[7] The Ninth Circuit subsequently affirmed this decision. On the issue of the 50-year contracts, the reform in S. 346 is long overdue.

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[5] The Wilderness Society, America's Vanishing Rain Forest 6-7, (1986).

Ending a Failed Employment Strategy

Even when measured against their original rationale of supporting wood products industry employment, the Tongass Timber Supply Fund and 50-year contracts have failed. The 1988 GAO report confirmed that "[i]n the 6 years following the passage of ANILCA, the Forest Service spent about $257 million to maintain industry employment," but "Tongass timber industry employment levels have declined by nearly 50 percent."[8] The dramatic drop in wood products jobs in Southeast Alaska appears largely attributable to a housing development slump in Japan, the principal destination for most wood extracted from the Tongass. In addition, some Alaska Native Corporations lately have been increasing timber sales from their lands, further reducing the local demand for national forest timber.

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[6] H. Rep. No. 100-600, Part 1, 100th Cong., 2d Sess. 21 (1988).

[7] Reid Brothers Logging Company v. Ketchikan Pulp Company and Alaska Lumber and Pulp Company, No. C75-165SR (W.D. Wash. 1981), aff'd., 699 F.2d 1292 (9th Cir. 1983), cert. denied, 464 U.S. 916 (1983).

[8] GAO report, Part 1, 100th Cong., 2nd. Sess. 21 (1988).

The extent of the employment subsidy is put into stark relief by the 1986 study by The Wilderness Society, noted above, which calculated that some $36,000 from the federal Treasury go annually toward maintaining each logging and wood processing job supported by raw material removed from the Tongass.[9] Other reported estimates place an even higher price tag on each subsidized job.[10]

Moreover, subsidized logging on the Tongass competes destructively against other major employment bases of Southeast Alaska. We concur with Senator Wirth that current management of the Tongass is "not consistent with the principle of multiple use" and "cannot be sustained without jeopardizing...commercial fishing, recreation and tourism industries."[11]

Conformance With National Forest Management Standards

In 1976, Congress enacted the National Forest Management Act (NFMA) to remedy timber production abuses on the public lands. It is a shame that the Tongass, among the most outstanding natural treasures in federal ownership, is placed in conflict with many standards governing lands managed by the Forest Service. In particular, the law seeks to: prevent accelerated liquidation of natural forests; preserve existing biologic diversity; end logging on forest lands with severe economic or physical limitations; and restrict the practice of clearcutting. Plans being developed under NFMA are supposed to set timber production levels in line with principles such as these, not meet an arbitrary statutory target established before the planning process even begins.

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[9] The Wilderness Society, supra note 6, at 8.

[10] A recent article, reporting on the work of forestry economist Randal O'Toole, stated that "[i]n Alaska, according to O'Toole, it winds up costing the U.S. Government $100,000 for every logger who is paid $20,000 a year by private industry." D. Zaslowsky, "Hired Gun," Harrowsmith 46 (Jan.-Feb. 1988).

[11] 135 Cong. Rec. S1103-S1105 (Feb. 2, 1989).

Removing the statutory timber volume objective of 450 million board feet annually will permit the Forest Service to make informed production decisions on the Tongass based on sensible supply and demand analysis and on current understanding of how the Tongass timber program fits in a true multiple use context. This can be done in accordance with recent laudable expressions of policy from the Department of Agriculture that place a higher burden of justification on below-cost logging programs such as that administered on the Tongass.[12]

In addition, section 102 of S. 346 will conform the Tongass to section 6(k) of NFMA, currently applicable to all 155 other forests in the National Forest System. That section proscribes timber harvest, with limited exceptions, on forest sites that are economically or physically unsuited for intensive commercial logging. Congress enacted this "marginal lands" provision specifically to address conditions like those predominant on the Tongass, where steep, fragile and remote lands make economic timber sales a virtual impossibility.[13]

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[12] "USDA Decision...for the San Juan National Forest and the Grand Mesa, Uncompahgre, and Gunnison National Forests," July 31, 1985.

Also important is that Title III of S. 346 extends interim protection to 23 areas of the forest with "special values for fish and wildlife, subsistence recreation, old growth, and other resources." While the bill laudably would impose a moratorium on commercial logging in these areas pending completion of the revised Tongass Land Management Plan, we would strongly support wilderness designation for these areas. Such an amendment would conform S. 346 to companion legislation in the House (H.R. 987, Title II).

Conservation of Old Growth Forest Ecology

Taken as a whole, S. 346 1516 should markedly benefit multiple-use values on the forest. In particular, the bill will moderate the rapid liquidation of one of the world's last vestiges of virgin temperate rainforest. Some old growth on the Tongass features majestic Sitka spruce trees more than 200 feet tall, eight feet in diameter, and 750 years old. Ancient stands of spruce and western hemlock provide some of the most spectacular scenery in Southeast Alaska, as well as prime habitat for bald eagle, grizzly bear, Sitka black-tailed deer, salmon, and myriad other fish and wildlife species.

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[13] See Wilkinson and Anderson, "Land and Resource Planning in the National Forests," 64 Oregon Law Review 162-170 (1985).

Cutover old growth on the Tongass will not be reproduced in this or any foreseeable future generation. That old growth must be regarded as a scarce, nonrenewable resource was confirmed by a recent Society of American Foresters (SAF) report, which observed:

> ...there is no evidence that old-growth conditions can be reproduced silviculturally. In fact, the question is essentially moot, as it would take 200 years or more to find an answer.[14]

The SAF study concluded further that "[w]ith present knowledge, it is not possible to create old-growth stands or markedly hasten the process by which nature creates them."[15]

Of special importance, S. 346 will shift the Tongass timber program emphasis away from clearcutting those old growth stands with high wood volumes. The steady conversion of such lands into highly managed tracts has greatly diminished the quality of forest habitat for wildlife and fish. In addition, the bill will help prevent unsustainable "high-grading" of the forest's most productive sites from bringing long term instability to the regional economy.

The Need for Prompt Enactment

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[14] Society of American Foresters, "Scheduling the Harvest of Old Growth," 31 (1984).

[15] Id. at 17.

In his recent testimony before the Subcommittee, Forest Service Associate Chief George Leonard characterized meaningful legislative reform on the Tongass as "premature".[16] He recommended that Congress "wait for information developed through the Forest Plan revision process before considering major statutory changes such as those in S. 346."[17]

We disagree strongly with the agency's position that enactment of S. 346 should be deferred. Although the TLMP process may well inform future Forest Service decisions, sufficient facts are now known to compel prompt enactment of the Tongass Timber Reform Act. We also disagree with the agency's support for S. 237, substantially weakened Tongass legislation that removes the $40 million annual entitlement but contains none of the other beneficial reforms of S. 346.

Contrary to the Forest Service's position, the reform under consideration in S. 346 is but a sensible, conservative first step toward enlightened forest management. Congress will remain free to appropriate whatever funds are necessary to support reasonable levels of timber production on the Tongass, and the Forest Service will remain free to choose among various alternative management strategies in its planning process. All that this bill will accomplish is opening the Tongass up to these same considerations that apply to every other national forest in the country. We urge Congress to enact it promptly with amendments to guarantee enduring protection for the special areas governed by the logging moratorium in S. 346's present form. Congress must also follow the legislative process with oversight ensuring that the Forest Service implements major adjustments in land management, with greater attention to the cost of agency programs and to protecting threatened natural resource values in Southeast Alaska.

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[16] Statement of George Leonard before the Subcommittee on Public Lands, National Parks and Forests, Senate Committee on Energy and Natural Resources, 5 (Feb. 28, 1989).

[17] Id. at 6.

SOUTHEAST REGIONAL FISH & GAME COUNCIL
c/o ADF&G, DIVISION OF BOARDS, P.O. BOX 3-2000, JUNEAU, ALASKA 99802 PHONE: (907) 465-4110

February 27, 1989

ADVISORY COMMITTEES
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U.S. Senator Ted Stevens
U.S. Senator Murkowski
U.S. Representative Don Young
Alaska Congressional Delegation
Washington, D.C.

Dear Senator Stevens, Senator Murkowski, and Representative Young:

The Southeast Regional Fish and Game Council would again like to express our concern with regard to management of the Tongass National Forest. Since our inception, as provided in Section 805 of the Alaska National Interest Lands Conservation Act of 1980 (ANILCA), the representatives of the 21 Southeast Alaska communities that comprise our council have sought meaningful reforms in Tongass management. ANILCA has charged the Regional Council with helping to assure that adequate fish and game resources remain available for subsistence and other uses in our area. A key element in assuring the viability of these fish and game resources is the maintenance of adequate quantity and quality of habitat. It is our firm belief that the current overemphasis on clearcut logging and related activities on the Tongass is seriously jeopardizing the long term viability of some of our fish and game resources in many areas.

In expressing our concerns and seeking changes, we have repeatedly met both individually and collectively with U.S. Forest Service (USFS) personnel, and participated in many planning functions. The current revision of the Tongass Land Management Plan is one that we are participating in. What our experiences in these discussions and planning processes have demonstrated to us, however, is that there are built-in constraints that hinder the establishment and execution of a true multiple use management regime. The 4.5 billion board foot harvest goal, some provisions of the 50 year contracts with the two pulp mills, and similar "hurdles" are encountered time after time in our efforts to protect essential habitat for our fish and game. Without the removal or substantive change in some of these factors that are currently driving Tongass management, this situation will not change.

Thus, we ask that Congress adopt a package of measures that will provide a more level playing field for the future management of the Tongass. This will allow other user groups, other industries, affected communities, etc., to more effectively act instead of just react with regard to Tongass management. We do not offer the package of reforms and compromises that are necessary. However, we continue to monitor with great interest legislation that is pending with regard to the Tongass. We stand ready to supply our ideas and input to this process through appropriate forums as they arise this year.

Sincerely,

Robert Hinman
Chairman
Southeast Alaska Regional
Fish and Game Council

cc: Governor Cowper
U.S. Senator Inouye
U.S. Senator Worth
U.S. Senator Bennett Johnston
U.S. Representative Mrazak
U.S. Representative De La Garza
U.S. Representative Volkmer
U.S. Senate Committee on Energy, Natural Resources and the Environment
U.S. Senate Committee on Public Works
U.S. House Committee on Interior and Insular Affairs
U.S. House Committee on Merchant Marine and Fisheries
Alaska Senator Grussendorf
Alaska Senator Eliason
Alaska Representative Goll
Alaska State Boards of Fish and Game
Ron Thuma, Department of the Interior, Fish and Wildlife Service